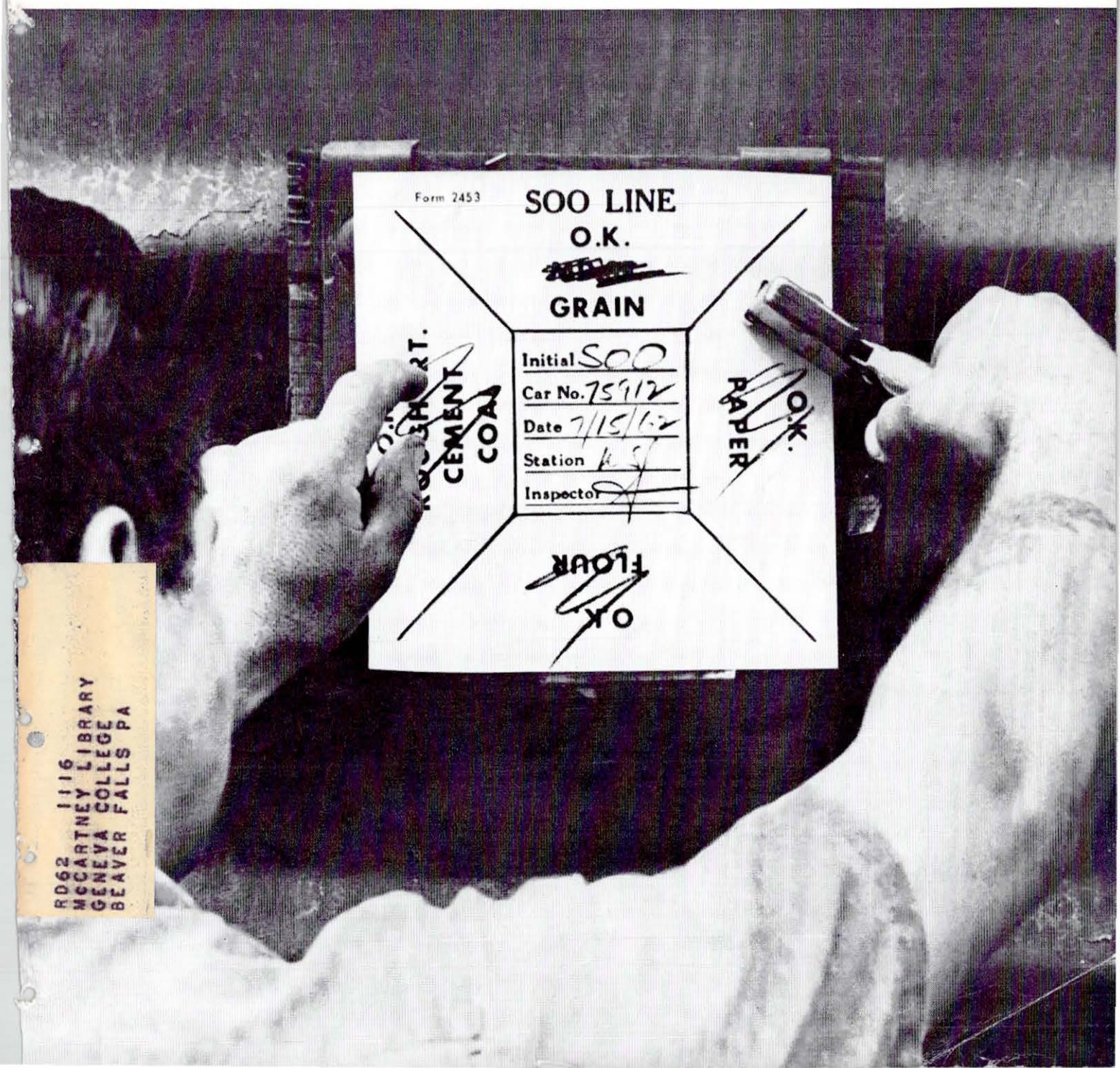
FREIGHT TRAFFIC ISSUE

How car reporting systems help give **better service** to nation's shippers . . . . p. 26

August 27, 1962

RAILWAY AGE WEEKLY



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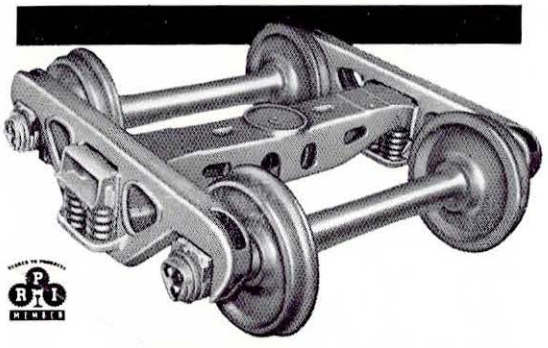

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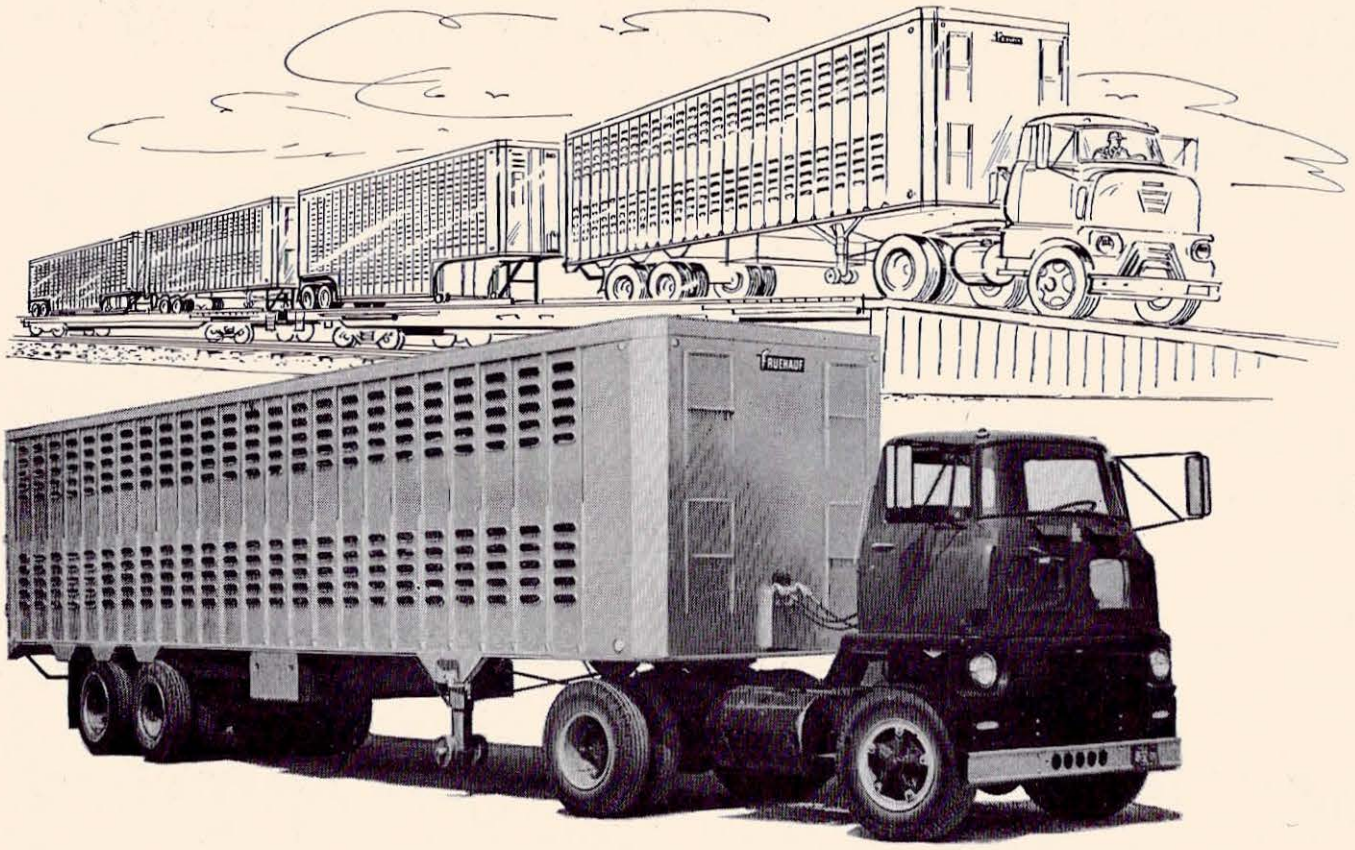

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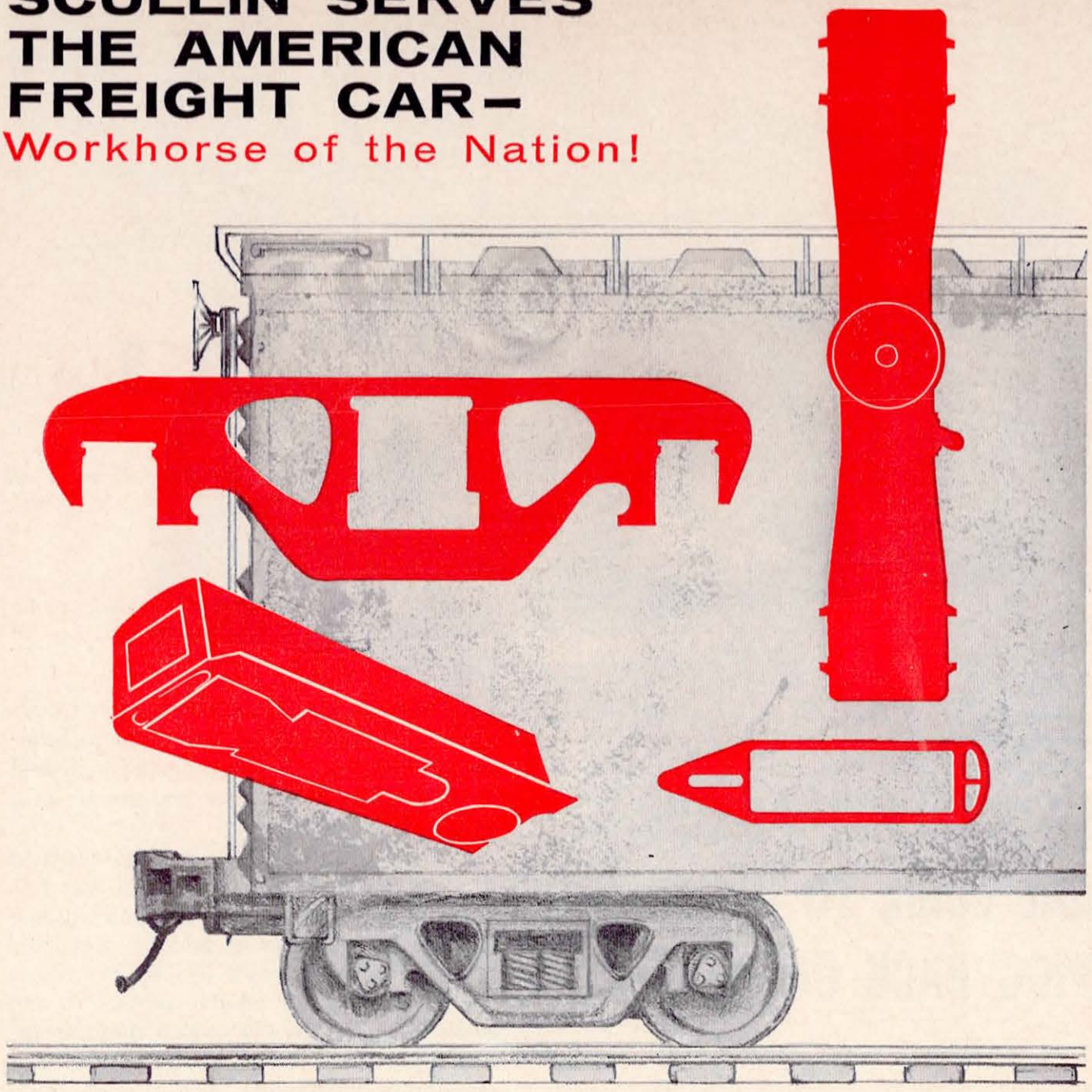

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RAILWAY AGE

WEEK AT A GLANCE

August 27, 1962 • Vol. 153, No. 9

PRR-NYC merger hearing opens

In leadoff testimony, PRR Chairman James M. Symes told the ICC how he thinks nearly all eastern carriers can be fitted into a balanced three-system plan .....p. 9

Keep Section 5a, most shippers say

The majority of respondents to this month's Traffic Poll want Section 5a to continue to apply to rate-making on bulk and agricultural commodities .....p. 13

Senate unit hears railroad witnesses

Another railroad presentation supporting President Kennedy's transport bills was made as the Senate Commerce Committee resumed its hearings p.14

Soo Line gets ready to haul grain

Here's how a typical grain-carrying railroad organizes its operations and its equipment to help move what is shaping up as a bumper crop of grain .....p. 18

How car reporting systems help shippers

Fast, accurate information about the location and movement of individual freight cars is one of the benefits provided by car reporting systems p.26

Why class rates are anti-economic

Class rates, it is suggested, should be replaced by a numbered series of economically constructed rate scales—each meeting a particular cost and competitive situation .....p. 42

Coordinated Associations meet Sept. 17-19

The Chicago sessions will be highlighted by a luncheon honoring railroad presidents. J. F. Nash, NYC vice president—operations, will be the speaker p.51

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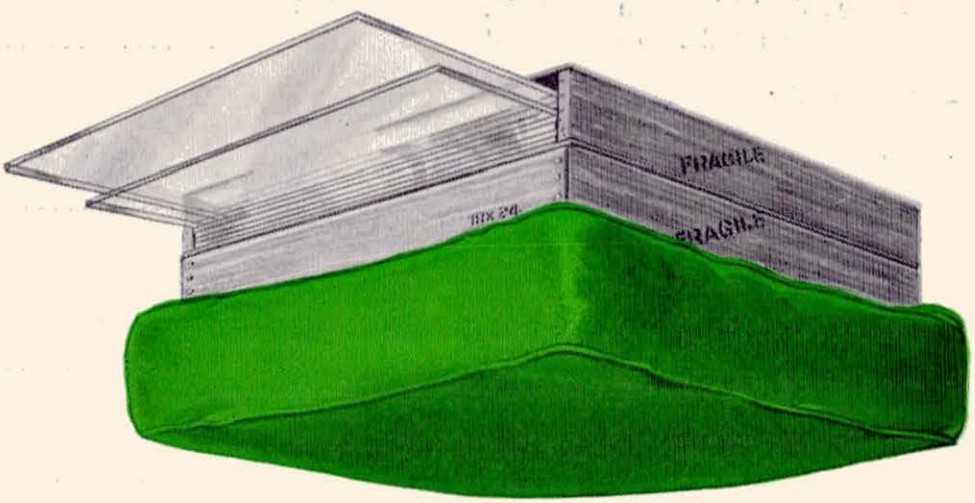

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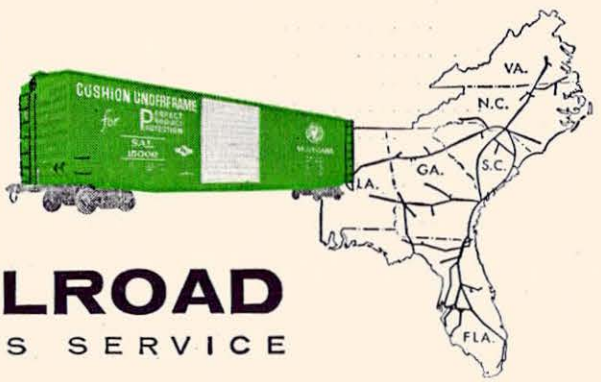

SEABOARD AIR LINE RAILROAD

THE ROUTE OF COURTEOUS SERVICE

WEEK AT A GLANCE

Carriers seek break in work-rules stalemate

Expedited hearing of a union appeal that has brought the "featherbedding" case to a temporary standstill has been requested by carrier counsel p.52

ERPC seminars explore Kennedy program

First of 14 sessions designed to equip railroad men for an effective public-information job at the grass-roots level was held in Pittsburgh .....p. 56

The Action Page—Railroad revolution

A fundamental change in railroading is in the making. It can be achieved quickly if political, regulatory and union restraints are not permitted to stand in the way .....p. 62

Short and Significant

Freight trains of from 200 to 300 cars . . .

propelled by 10 locomotives placed at intervals throughout the train are visualized by P&LE President J. W. Barriger as a possible benefit of eastern railroad consolidations.

The ICC has changed its mind . . .

and now says poor earnings don't comprise "special circumstances" justifying grants of unrestricted trucking rights to railroads.

The result will be Lehigh Valley's loss . . .

of unrestricted cement-trucking rights which the Commission previously granted to that road's highway affiliate, Black Diamond Transportation Co.

Current Statistics

Operating revenues		
6 mos.,	1962	$4,703,650,132
6 mos.,	1961	4,417,470,000
Operating expenses		
6 mos.,	1962	3,713,490,394
6 mos.,	1961	3,594,534,970
Taxes		
6 mos.,	1962	531,960,577
6 mos.,	1961	482,452,262
Net railway operating income		
6 mos.,	1962	265,495,659
6 mos.,	1961	145,845,950
Net income estimated		
6 mos.,	1962	171,000,000
6 mos.,	1961	62,000,000
Carloadings revenue freight		
33 wks.,	1962	18,132,599
33 wks.,	1961	17,541,024
Freight cars on order		
Aug. 1,	1962	13,192
Aug. 1,	1961	10,644
Freight cars delivered		
7 mos.,	1962	23,165
7 mos.,	1961	20,011
Serviceable cars		
July 1,	1962	1,452,888
July 1,	1961	1,485,802
Cars awaiting repairs		
July 1,	1962	129,215
July 1,	1961	151,901

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PRR-NYC Merger Hearing Opens

► **The Story at a Glance: The ICC's public hearing on the Pennsylvania-New York Central merger application got under way in Washington last week with the testimony of PRR Chairman James M. Symes. NYC President Alfred E. Perlman was scheduled to appear after completion of the lengthy cross-examination to which Mr. Symes was subjected. The PRR chairman's testimony was in support of his general thesis that the proposed merger would improve service to the public and substantially increase efficiency at lower cost. He also sketched in broad outline how he thinks nearly all eastern railroads could be fitted into a balanced three-system plan—PRR-Central, Norfolk & Western-Nickel Plate, and Chesapeake & Ohio-Baltimore & Ohio. PRR would be willing to sell the Lehigh Valley to C&O-B&O in order to provide that system with access to New York City and New England via Buffalo, Mr. Symes also said.**

Likening the Pennsylvania and New York Central to "two peas in a pod," Chairman James M. Symes of the PRR said last week that "there are no two railroads in the country in a better position by reason of their location, duplicate facilities and service, and similarity of traffic patterns, to consolidate their operations." That's the gist of Mr. Symes' testimony at the opening session in Washington of the ICC's public hearing on the proposed PRR-NYC merger which would create a 19,569-mile system and bring estimated annual savings of $75 million within five years.

The hearing is being conducted by Examiners Jerome K. Lyle and Henry Darmstadter, and the number of interveners and requests for time to cross-examine witnesses indicates that it will have a long run. The interveners include several railroads, some of which want to be included in the merged system while others want conditions to protect their present joint-rate and through-route arrangements.

The Railway Labor Executives' Association is an opposing intervener as are the Transport Workers Union and the Pennsylvania Federation of Labor, AFL-CIO. Another interested party is the Department of Justice, which has

No Merger Slowdown, Says ICC Chairman

There has been no slowdown in the ICC's work of processing railroad merger and acquisition-of-control applications. This assurance has come from Commission Chairman Murphy.

He gave it in a statement designed to knock down "press and news items implying that the Commission is deliberately restraining action on rail mergers." The items were based on testimony given before a Senate Appropriations subcommittee by Mr. Murphy, whose statement to keep the record straight said:

"During these hearings it was estimated that, under normal procedures, there probably could not be any formal decisions on the major unification cases before the end of the year. The procedures referred to involve public hearings with opportunity for interested parties to present their views, filing of briefs summarizing positions, and issuance of a hearing examiner's report and recommended order. Dissatisfied parties are then permitted to file exceptions to the examiner's recommendations, and there is further opportunity for the filing of replies to such exceptions. Later, oral argument before the Commission or a Division may be authorized. All of these steps are available under the system of 'due process,' in accordance with the Interstate Commerce Act and other laws administered by the Commission.

"Our procedures have been expedited to the fullest extent, consistent with adequate opportunity for differing views to be presented and considered. Carriers applying to the Commission for approval of unification proposals are entitled to a timely decision without undue delay. Conversely, for the protection of the public interest, there must be opportunity for expression of opposition to unification applications.

"There has been no move by the Commission to delay any of these proceedings and we have opposed measures which would institute a moratorium on consideration of applications before us."

Mr. Murphy's amplifying statement came as the Commission prepared to open hearings on the Pennsylvania-New York Central merger. Meanwhile, there were indications that an examiner's proposed report on the Seaboard-Atlantic Coast Line merger application was imminent.

WATCHING WASHINGTON WITH WALTER TAFT

● **A TWO-FACTOR PER DIEM RATE** has been suggested for ICC consideration by a member of the Commission's staff—R. W. Fondersmith, transportation cost analyst in the Bureau of Accounts. His proposed car-rental charge would be composed of a time rate and a mileage rate.

THE IDEA is advanced in a statement comprising part of the presentation filed by the Commission's Bureau of Inquiry and Compliance in the pending Per Diem Case—No. 31358. That's the case wherein the Commission's 1955 decision upholding the present uniform time-factor rate was taken to court by dissatisfied railroads.

THE LITIGATION culminated in a 1958 order of the United States Supreme Court. That order required the Commission to give more consideration than it had to various phases of the controversy, including a contention that the per diem rate should reflect the impact of mileage on car-ownership costs.

THE TWO-FACTOR RATE, as Mr. Fondersmith sets it up, would be based on per-diem-car costs of $1.59 per day and 2.486 cents per line-haul mile. Costs of switching miles run by per-diem cars (10 cents per day) are included in the $1.59 figure. These are mid-1962 costs. The present per diem rate is $2.88.

THE RESULT of the two-factor rate, of course, would be varying daily rental charges, depending on daily mileages run by per-diem cars. At the same time, some rental (the mileage charge) would be collected on cars which are now assessed no per diem. These are so-called "no-day" cars, which get over a railroad in less than a day. Per diem cars away from home roads average about 59 miles per day.

THOUGH NEW to the present controversy, the two-factor method is substantially the "mixed basis" tried unsuccessfully in 1888 when per diem settlements were originally made. That failure "does not necessarily condemn the scheme for today," Mr. Fondersmith says. He concedes that record keeping would be increased, but thinks advances in techniques of car accounting would take care of that. Moreover, he finds "very similar" charging methods being used by charter bus operators, auto rental agencies, and at least one car leasing company—Trailer Train, Inc.

MEANWHILE, Mr. Fondersmith advises the Commission to reject the proposal calling for per diem rates tailored to individual roads or groups of roads. This proposal, advanced by some railroad parties to the case, contemplates the development of mileage costs per day and time costs per day for each road or group. These mileage and time costs would then be combined to produce a single-factor per diem cost for each road or group.

SUCH COMPUTATIONS would present difficulties "which could well lead to an unnecessary and excessive amount of litigation," Mr. Fondersmith warns. He also says the plan could affect routing of freight where originating carriers control the routing.

THE POSSIBILITY OF INEQUITIES as between movements on the same road is another difficulty foreseen by Mr. Fondersmith. Such a road might have a high miles-per-day factor (based on average performance) in its tailored per diem rate, but it might also handle many shipments moving substantially fewer miles per day than the average. If costed by themselves, under his two-factor plan, such movements "would carry a much lower per diem charge than the average for the road," Mr. Fondersmith explains.

thus far taken no position on the merger proposal.

The proposed merger, Mr. Symes said, would create a stronger organization, physically and financially, than either road is now. As to contentions that the merged system might be too big to manage, the PRR chairman noted that his road and Central were bigger, in many ways, in the recent past than the two combined are at present. Mr. Symes also said:

"The purpose of the proposed merger can be briefly described. It is to preserve and strengthen these railroads in the public interest and for the national defense, to arrest their physical deterioration in the last 15 years, and to avert possible bankruptcy that could eventually lead to nationalization, not only of the eastern lines, but of all railroads."

Overall capacity of Pennsy and Central wouldn't be reduced by the merger, even though some tracks in multiple-track locations would be retired, Mr. Symes continued. He explained that "as a result of centralized traffic control, mechanized yards, elimination of interchanges, and the use of the most favorable portions of the lines of both companies for through routes, the road capacity of the new system will be greater than it is now, or was during World War II."

Discussing labor aspects of the merger, Mr. Symes denied what he said "labor has stated publicly," i.e., that "railroads are being forced into mergers by their bank connections in order to increase earnings and thereby improve dividends and investment return—at the expense of labor." The PRR chairman said he has been "closely associated with many investment firms" over a period of several years—"and I can truthfully say that there has never been an attempt on the part of any of them to persuade me that railroad mergers should be undertaken for the reasons mentioned."

Employees will benefit

Mr. Symes went on to say that the severe drops in employment on the PRR and Central during the past 10 years have been caused primarily by both roads having to operate and maintain "entirely too much plant for the volume of traffic available under prevailing conditions which have, generally speaking, been imposed upon them by government." The PRR chairman sees nothing short of merger that is going to change this trend; and he also noted that the PRR-Central application says the merged system would accept any "reasonable" conditions for the protection of employees adversely affected."

"If what I have said as to the future

is true, and I have every reason to believe that it is," Mr. Symes added, "there will be more employees laid off if we do not merge than there will be if we do merge; and the larger number laid off will not have job protection as compared with the smaller number who will have job protection."

As to traffic patterns of the two roads, Mr. Symes said they are quite similar. Thus, the merged system would have the volume to operate many through trains over the most favorable portion of each line from the standpoint of distances, curvature, grades and other physical characteristics. This "will avoid interchanges and yardings that now cause major expense and a large part of the delay occurring on eastern railroads," the PRR chairman explained.

He proceeded to point out that the merged system would have 13 modern, mechanized yards, strategically located in heavy-traffic areas. Only two of them would have to be built—one at Selkirk, N. Y., and the other at Cleveland, Ohio.

Improved passenger service

As to passenger service, Mr. Symes emphasized that there would be no reduction in passenger-train mileage as a result of the merger. Noting that PRR and Central are now the heaviest passenger-carrying lines in the country, he added:

"Economies will be obtained in passenger train operation from the consolidation of stations, terminals and servicing facilities which will be of benefit to the public. Unless we obtain such economies, the shrinkage of passenger service will of necessity continue. Thus, I say there will be more passenger trains withdrawn if we don't merge than if we do merge.

"Furthermore, passenger losses in the East cannot be permitted to continue on anything like the present scale unless a larger and stronger company is created that will be able to absorb the deficit."

The plan of organization for the new company, as now developed, contemplates that the top position would be filled by a chairman of the board and chief executive officer. Asked if he would be the first chairman, Mr. Symes said he didn't know, but he didn't think so. He pointed out that when the PRR board recently asked him to remain on the job after he had reached the road's compulsory-retirement age of 65, it suspended the retirement rule's application to him for only one year.

In addition to the board chairman, the merged company would have two vice chairmen reporting to the board, and a president. At the system level, there would be vice-presidents in charge of operations, sales, finance, law, real estate, purchases, public relations, employee relations, and research. There would be 10 operating regions, each in charge of a vice-president or regional manager. Regional headquarters would be at New York, Buffalo, Philadelphia, Baltimore, Pittsburgh, Cleveland, Detroit, Chicago, Indianapolis and Cincinnati.

Mr. Symes' idea for a three-system plan was his own. He emphasized that he was not speaking for the railroads involved. His plan contemplates that New England roads, including NYC's Boston & Albany, would be joined together in a fourth system.

As to constituents of the three systems, Mr. Symes assumed that the "family" lines of each system would continue in their present relationships. That would put Central of New Jersey, Reading, Western Maryland, and Staten Island Rapid Transit in the C&O-B&O system, and the Ann Arbor, Detroit Toledo & Ironton and Pittsburgh & Lake Erie in the PRR-NYC system. Lehigh Valley is a "family" line of PRR, but Mr. Symes would sell it to C&O-B&O, as noted above.

In view of N&W's proposals to acquire control of the Akron, Canton & Youngstown and lease the Pittsburgh & West Virginia, Mr. Symes puts those two roads in the N&W-NKP system. There also he puts Erie-Lackawanna, noting that N&W is committed to the study of an affiliation with the road. That leaves three other Class I roads, outside New England," that appear to be candidates for inclusion in the three eastern systems," as Mr. Symes put it. They are the Delaware & Hudson; New York, Susquehanna & Western; and Grand Trunk Western.

The PRR chairman noted that the D&H "has asked to be included with the N&W," so he puts it there. Of the others, he said:

"The NYS&W is a desirable connection in the PRR-NYC system, either by affiliation or trackage rights, in order to provide a connecting link for the two properties along the New Jersey waterfront in the New York area. If the Grand Trunk Western desires to be included, I would assign it to the N&W-Nickel Plate system in order to provide that grouping with better coverage in Michigan. This would carry with it the Detroit & Toledo Shore Line, controlled by GTW and Nickel Plate.

"This completes the list of roads in the East, other than New England, that need to be considered, or would desire to be included, except an electric line—the Chicago South Shore & South Bend —which could be fitted in anywhere but which I would place in the C&O-B&O system."

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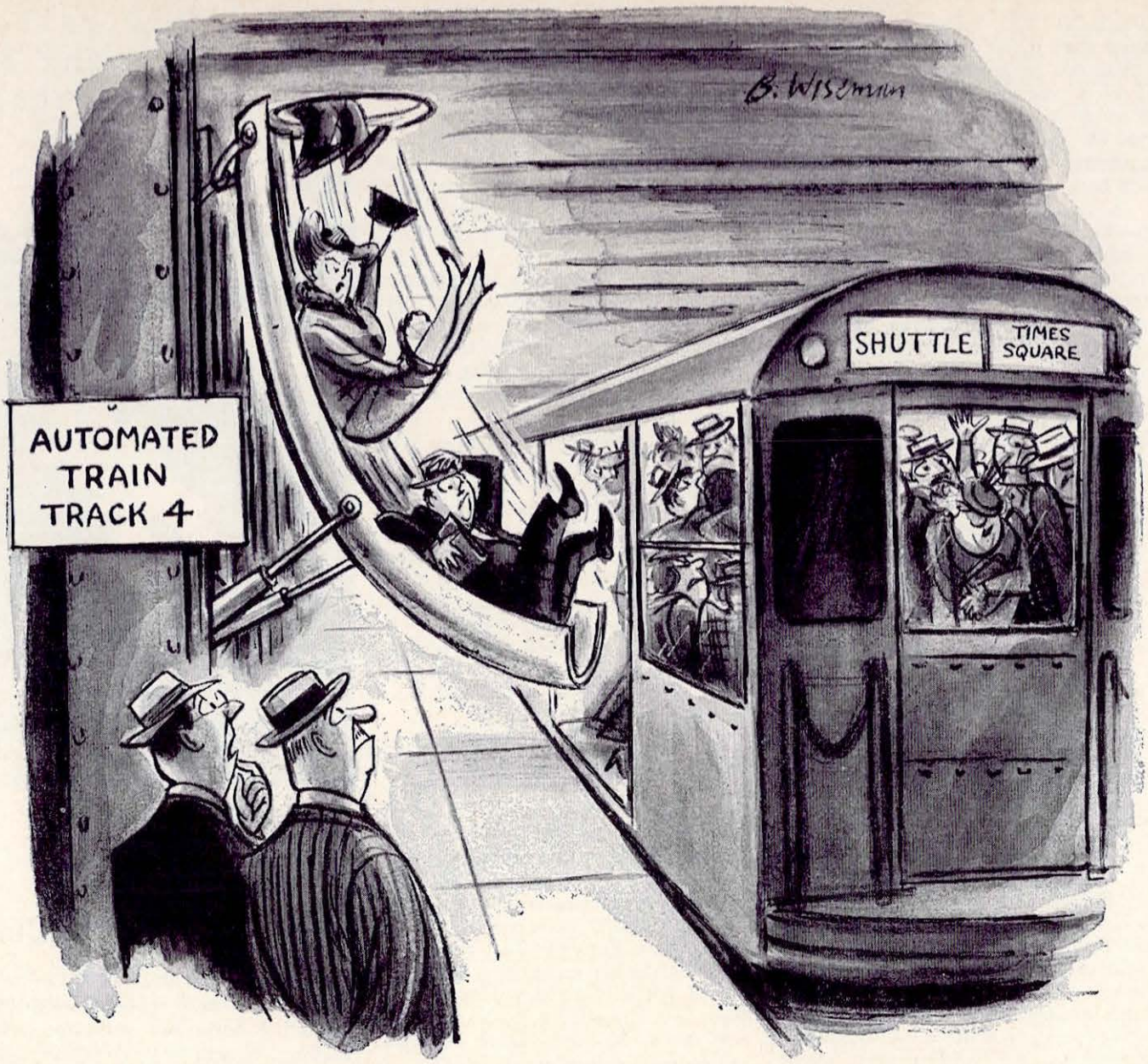

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Keep Section 5a, Most Shippers Say

Proposition

Legislation now pending in Congress (S. 3243; H.R. 11583) to implement parts of President Kennedy's transportation message would, unless amended, limit or perhaps nullify the application of Section 5a of the Interstate Commerce Act in so far as rates on bulk or agricultural commodities are concerned. There are some who believe the railroads could "live" with Section 5a thus partially inoperative. Others feel strongly that Section 5a should be left untouched, applying to rates with unregulated minimums, as well as to all other rates, as at present. At least one leading spokesman for the nation's shippers also opposes any tampering with the "conference method" of rate-making which Section 5a permits.

Question

What is your opinion?

1) Section 5a should continue to apply to rate-making on bulk and agricultural commodities, as at present 34

2) Section 5a should not be applied in rate-making on bulk and agricultural commodities (as is presently proposed in S. 3243 and H.R. 11583) 15

Regardless of any other changes which may be made in transportation rate-making by bills now pending in Congress, about seven out of every 10 shippers replying to this month's Poll want Section 5a of the Interstate Commerce Act kept in effect.

Answers, however, indicate a wide range of opinion. Supporters of Section 5a are about evenly divided between those who would give railroads minimum rate freedom on bulk and agricultural commodities, and those who would like to see rate regulation of such commodities extended to cover highway and water carriers. Opponents, while indicating no wish to retain present inequalities in regulation as between competitive modes of transport, simply think 5a has not achieved its original purpose. To some in all groups, the spectre of possible anti-trust action against carriers unprotected by 5a looms dangerously on the horizon.

Typical of the first group is the reply of J. G. Robison, general traffic manager, Pennsalt Chemicals Corp., Philadelphia: "Railroads should have bulk rate privileges, but both shippers and carriers need the 'conference method' of rate-making under Section 5a."

"The conference system of rate-making has definitely proven itself over a period of years," agrees E. M. Burk, traffic manager, Wyatt Industries, Inc., Houston, Tex.

F. T. Day, traffic manager, Warner & Swasey Co., Cleveland, is "against any changes in Section 5a which would destroy or at least drastically change the conference method of rate-making." And R. S. Callahan, traffic manager, Lestoil, Inc., Holyoke, Mass., "supports the basic objective . . . of exempting railroads from minimum rate regulation on bulk commodities and agricultural and fishery products—provided orderly rate procedures under Section 5a are fully preserved and carriers are protected against anti-trust harassments." But "unless the bill is amended to delete the restriction against conference rate-making," he continues, "we cannot support it."

"I feel that rail carriers could live with Section 5a inoperative as to bulk or agricultural commodities," says R. E. Smith, traffic manager, Dallas Cotton Exchange, "but I feel that the conference method of rate-making presently applicable under 5a is preferable."

Mr. Smith goes on to point out that "carriers, in meeting competition, particularly on agricultural commodities, would be in many cases on a month-to-month situation with respect to private or contract carrier rates." He thinks, however, that a competitive position could be maintained under present Section 5a arrangements "as they could meet any situation by taking independent action if necessary."

"Whether, in future, rates go up or down on bulk or agricultural commodities, there ought to continue to be some

(*Continued on page 38*)

BEHIND THE QUESTION

This month's Poll question is based on provisions of bills pending in Congress to implement parts of President Kennedy's transportation message.

The general purpose of these bills is to equalize competitive conditions between railroads on the one hand and highway and water carriers on the other. To accomplish that overall objective the bills provide, among other things, for complete elimination of minimum rate regulation on rail shipments of agricultural commodities or of commodities moving in bulk, to the same extent that movements of such goods by highway or water, respectively, are already exempt from minimum rate control.

The same bills, however, also limit (or perhaps eliminate) the possible application of Section 5a of the present Interstate Commerce Act to future rail movements of "deregulated" agricultural or bulk commodities. The possible effect or probable interpretation of this provision is not entirely clear, but it would almost certainly do away with the now well-established practice of "conference rate-making" which is permitted by Section 5a, and which was originally adopted with widespread shipper support. (There could, apparently, continue to be some consultation between roads participating in a joint through haul, e.g., produce from California to Chicago via WP-D&RGW-CB&Q. But a competitive shipper, using a single line, e.g., the Santa Fe, would have no 5a protection.)

Railroads, while generally eager for early enactment of S. 3243/H.R. 11583, have opposed any tampering with, or weakening of, Section 5a.

Spokesmen for shippers who have testified before Congressional committees take the same position. On Aug. 8, for example, A. P. Heiner, vice president—public relations and traffic, Kaiser Steel Corp., told the House Interstate & Foreign Commerce Committee that the President's proposals, as included in the two bills, "hold the promise of providing a significant new stimulus to the transportation industry." But he simultaneously opposed any change in Section 5a on the ground that "carriers [must] have the right to meet with connecting carriers and even competing carriers to arrive at decisions on rates, routes and divisions of revenue."

Senate Unit Hears Railroad Witnesses

► **The Story at a Glance: The railroad industry's presentation to Congress in support of bills to implement President Kennedy's transportation message was made last week before the Senate Commerce Committee. It was a repeat performance, being substantially the same as the presentation made last month before the House Committee on Interstate and Foreign Commerce (RA, July 16, p. 12; July 30, p. 12).**

Breakthroughs in railroad technology cannot benefit the national economy unless regulatory drags on the railroads are removed, AAR President Daniel P. Loomis told the Senate Commerce Committee last week in calling for prompt action on bills to implement legislative recommendations of President Kennedy's transportation message.

Mr. Loomis was the first of four railroad executives who came before the committee to make a presentation like they made previously before the House Committee on Interstate and Foreign Commerce. The other three executives, scheduled to follow Mr. Loomis, were Presidents D. W. Brosnan of the Southern and Jervis Langdon, Jr., of the Baltimore & Ohio, and Chairman Ben W. Heineman of the Chicago & North Western.

The Senate bills which they supported are S.3242 and S.3243. The latter is the so-called minimum rate bill, embodying, as Mr. Loomis put it, "the heart of the Administration's proposals for a sound transportation policy." The bill would end ICC and Civil Aeronautics Board powers over minimum rates for railroad, truck and air transportation of commodities in bulk, the water transportation of which is now exempt from all regulation, and for rail, water and air transportation of agricultural and fishery products, the truck transportation of which is now free of regulation under the Interstate Commerce Act's so-called agricultural exemptions. S.3242 would implement various other Presidential recommendations (RA, May 7, p. 21).

Sharpest questioning of Mr. Loomis came from Senator Monroney (D.-Okla.) who cited the ICC's opposition to the minimum rate bill, and its preference for approaching equality by repeal of the present exemptions. The AAR president said that it would be "politically impossible" to repeal the exemptions. He recalled the unsuccessful efforts in that connection over the past 10 years, the repeal bills having been blocked by the opposition of shipper and agricultural interests.

When Senator Monroney read excerpts from the ICC's statement, Mr. Loomis said "the Administration and the railroads don't agree with the ICC." He added that the Commission "raised ghosts which are not present."

There was also discussion of how the antitrust laws would apply to the deregulated minimum rates. That matter was discussed in a July 23 letter which the committee received from the deputy attorney general, Nicholas Katzenbach. Mr. Katzenbach's letter was not put into the record by Senator Monroney.

The letter noted that S.3243 provides that the "antitrust laws," as defined in Section 10 of the Clayton Act, would govern the rate-making activities of carriers with respect to traffic freed from minimum rate regulation. It also noted the one exception to this antitrust coverage which would allow joint action by carriers to establish joint rates and through routes.

Several procedures would be available to deal with violations of the antitrust laws invoked by the bill, Mr. Katzenbach said. He continued:

"First, the attorney general would be able to prosecute such practices as criminal violations, the penalties for which are fines up to a maximum of $50,000 and imprisonment not exceeding one year, or both.

"Second, the attorney general would institute a suit in equity and enjoin monopolistic rate practices or collusive rate agreements.

"Third, private persons, such as an agrieved competitor of a carrier allegedly engaging in unlawful practices, or a shipper, could institute a suit for an injunction against the unlawful practices. Such an action may be commenced by a private party without leave of the government, so . . . this is a remedy promptly available to any aggrieved person.

"The fourth remedy is the right to institute an action for damages accruing to a person injured by a violation of the antitrust laws. A private party may obtain treble damages if successful in proving the alleged violation."

Chairman Heineman of the North Western said the railroads agree with the foregoing and with another Katzenbach letter which advised the committee that the Robinson-Patman Act's prohibitions against selective discounting and different prices in different areas would not apply. Mr. Heineman then went on to propose, as he did at the House Committee hearings, that the bill be amended to leave in full effect the Reed-Bulwinkle Act (now Section 5a of the Interstate Commerce Act) which grants antitrust immunity for carrier rate procedures approved by the ICC.

S.3243 proposes to continue the immunity as to rates on bulk and agricultural commodities only for joint rates, leaving single-line rates uncovered. While he did not argue that the bill's proposal would be unworkable, Mr. Heineman feared that it would draw the opposition of shippers, including agricultural interests, who were the principal supporters of the Reed-Bulwinkle Act.

Though not opposing the amendment proposed by Mr. Heineman, President Brosnan of the Southern had told the committee previously that "if enactment of S.3243 hinges on giving up the protection of the Bulwinkle Act, as to bulk and agricultural commodities, then I am perfectly willing to give it up." While he sees nothing wrong with the conference method of rate-making, Mr. Brosnan emphasized that "freedom of action to compete is what the Southern wants most." He also said: "We do our business face up on the table, and I do not mind having the Department of Justice looking over my shoulder.

"This I do know—freedom to act, even subject to antitrust law, is far more challenging and productive than being shackled by regulation which often blindly prohibits the exercise of managerial discretion in the use of technological improvements to produce the greatest economy for the people of America and the best earning position for the rail carriers. I will gladly exchange manacled regulation for supervised freedom."

Dividends Declared

CANADIAN PACIFIC.—4% Preferred, 3.7¢ quarterly, paid Aug. 10 to holders of record July 5.

DAYTON & MICHIGAN.—87½¢ common guaranteed, semiannual, payable Oct. 1 to holders of record, Sept. 14; 8% Preferred guaranteed, $1, quarterly, payable Oct. 2 to holders of record Sept. 14.

DOVER & ROCKAWAY.—$3, semiannual, payable Oct. 1 to holders of record Sept. 28.

ERIE & KALAMAZOO.—$1.50, semiannual, paid Aug. 15 to holders of record July 31.

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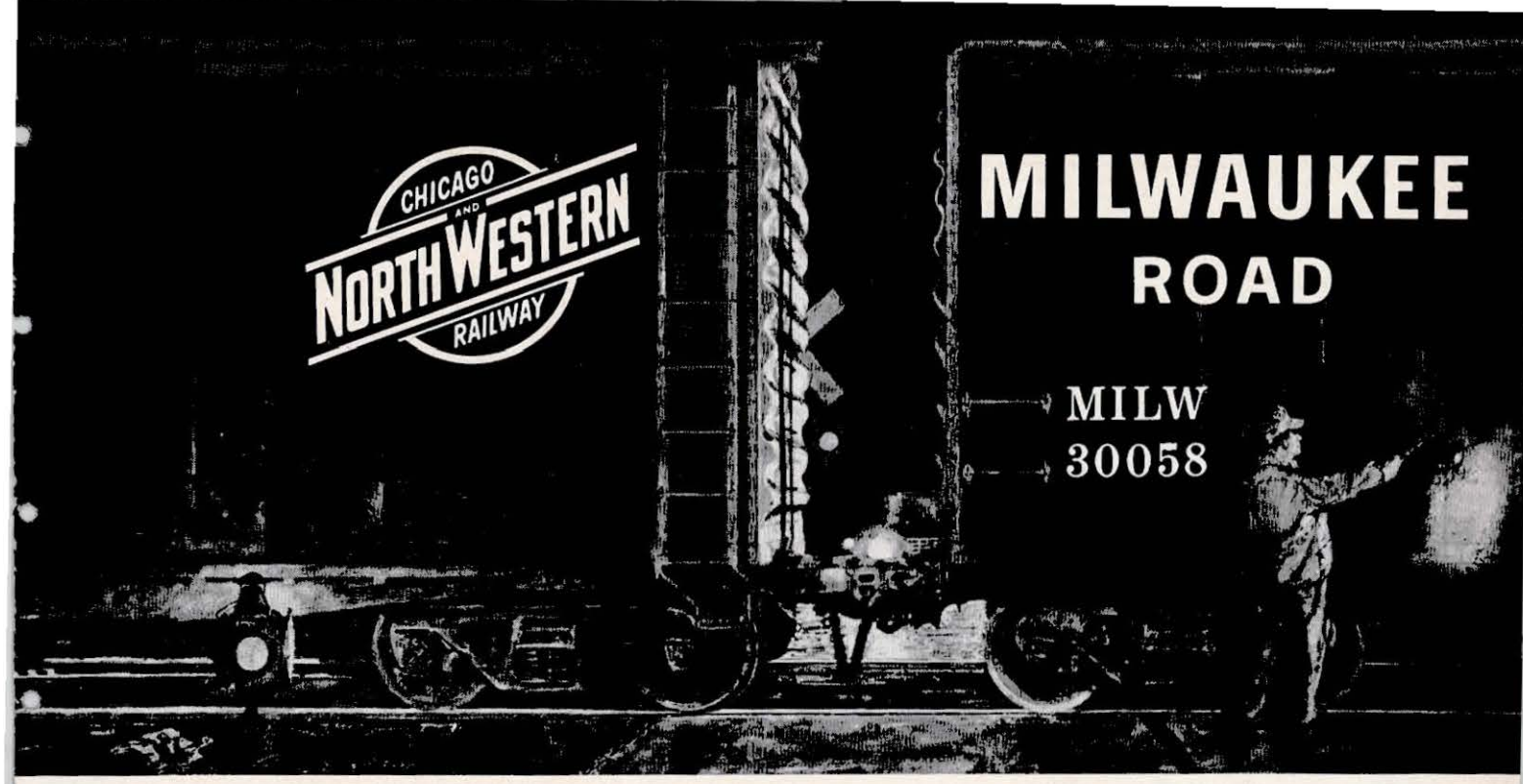
PITTSBURGH, YOUNGSTOWN & ASHTABULA.—7% Preferred, $1.75, quarterly, payable Sept. 4 to holders of record Aug. 20.



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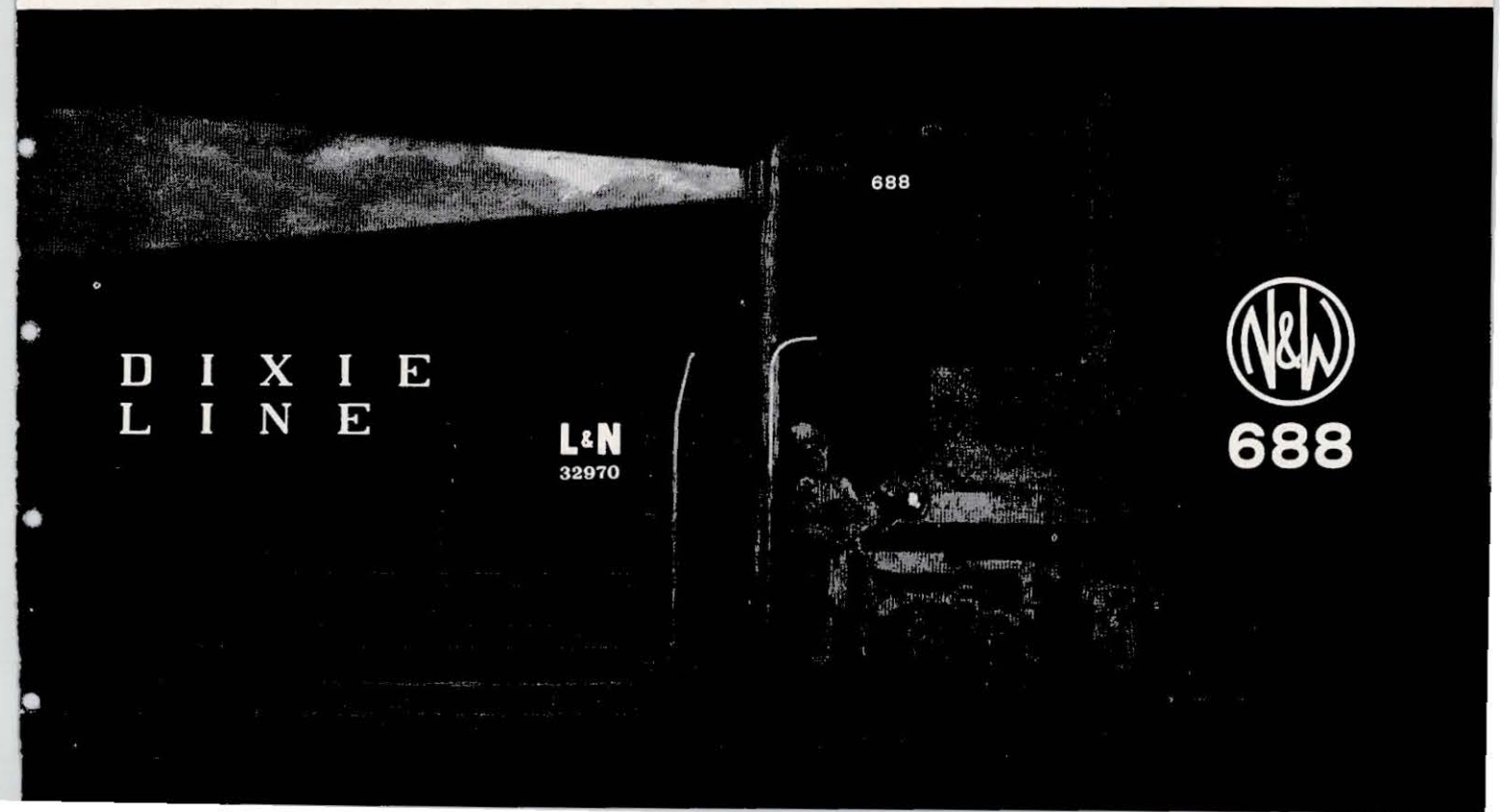

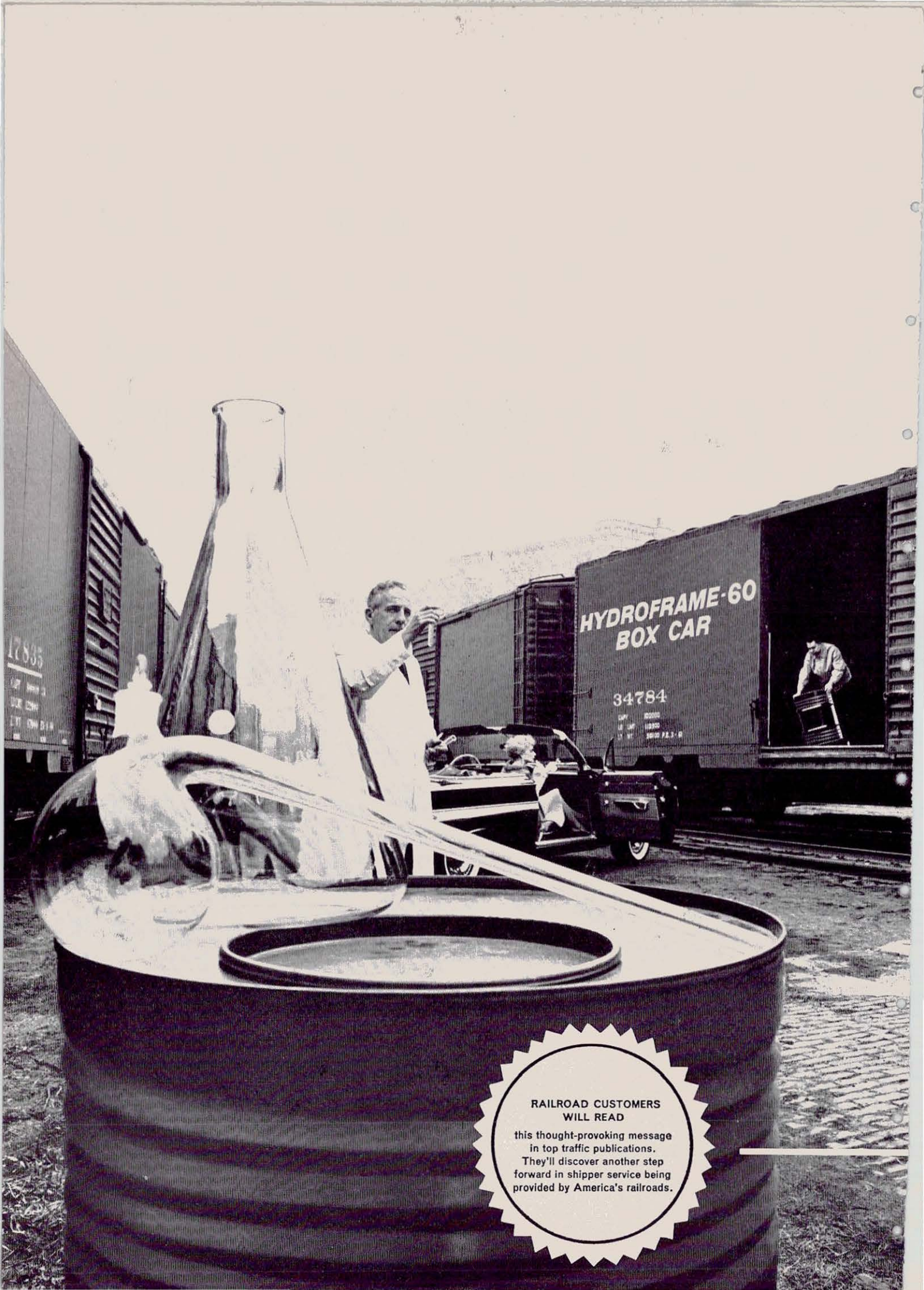
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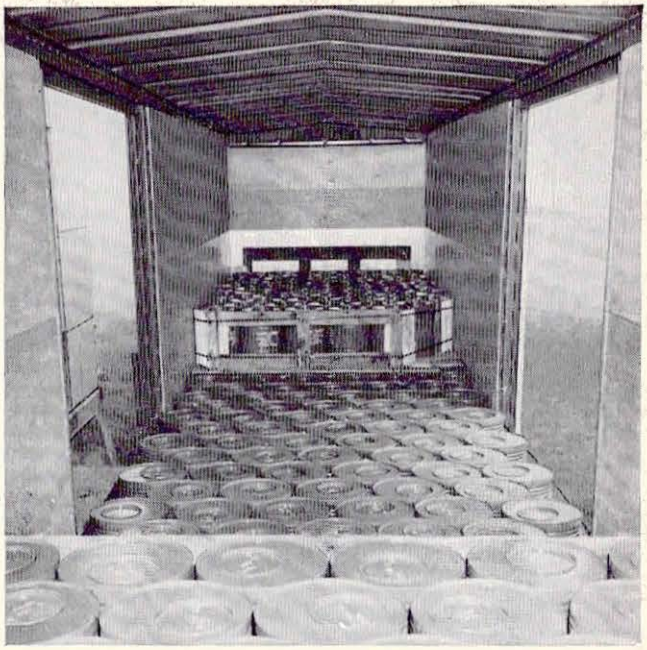

VIEW OF AIR REDUCTION LOAD UPON ARRIVAL—*As this photo at the unloading destination shows, each 250 lb. drum of calcium carbide took the trip exactly as loaded. Drums stayed in place . . . lids stayed tight . . . calcium carbide arrived intact, free from damage.*

Air Reduction Co. relies on Hydroframe-60 Box Cars for the right, light touch! Calcium carbide is a workhorse chemical. Add water to it and you get acetylene: the starting point for thousands of products. For example, through chemistry, acetylene produced from calcium carbide played an important role in the manufacture of the young lady's hair spray, dress material, cosmetics, the fabric of her convertible car top, the welding that holds the car together, its plastics and its tires.

It is important that calcium carbide shipping containers remain intact and waterproof during transport. Heavy impacts in train make-up and switching can cause drum lids to pop open, with undesirable chemical spillage and loss.

For this reason, Air Reduction Company relies heavily on the sure protection of the P-S Hydroframe-60. Take this recent shipment for example: 336 drums of calcium carbide were loaded into a Norfolk & Western Hydroframe-60 Box Car at Air Reduction's Ivanhoe, Virginia, plant. Destination—Linden, New Jersey, 568 miles over four railroads—the N&W, B&O, Reading and CNJ. On arrival, inspection of this 84,000 lb. load showed a perfect shipment. No load shift . . . no popped lids . . . no chemical spillage.

This kind of performance is not unusual. Companies like Air Reduction have found that it pays to rely on Hydroframe-60 long travel cushioning protection. For additional information on the P-S Hydroframe-60 or for details on the availability of these cars for your shipments, call or write Pullman-Standard today.

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SOO LINE: How a Railroad Gets Ready to Haul Grain

► **The Story at a Glance: In 1961, almost one freight car out of every six loaded on western railroads carried grain or grain products. On some individual lines the proportion was even higher.**

Much of this loading comes in a concentrated "rush" period, which moves northward with the harvest, and lasts for a few weeks or months at most. Right now, the rush is in full swing in Minnesota, the Dakotas and Montana.

Here is how a typical grain-carrying railroad—the Soo—organizes its operations and its equipment to move newly-harvested grain from fields to mill, elevator or dockside destinations.

"Our reputation for reliable, on-time service is established on our operation during 10 normal months. We cannot let heavy movement of grain during the other two months jeopardize our service to our regular customers."

That's the introduction to a special "Manual of Instructions for Grain Movement" issued just a few weeks ago by J. P. Wegner, general superintendent of the Soo Line, for the purpose of establishing "definite procedures for handling heavy movement of grain with a minimum of interference with the handling of our normal business."

Its issuance supplements and complements steps which the Soo has been taking for three months past to build up its car fleet to "grain rush" proportions.

Instructions will be issued to adopt "Operation Grain Movement," Mr. Wegner's manual says, "whenever the level of grain movement begins to interfere with normal operation of trains and yard movements." That, on the Soo, means sometime early in August, when movement of cars through Shoreham yard, at Minneapolis, begins to exceed the yard's normal capacity of approximately 13,500 cars per week.

Procedures and methods outlined in the manual will continue to be followed until instructions are issued to abandon "Operation Grain Movement"—probably in late September or early October.

The basic principle of Soo's "Operation Grain Movement" consists of "separating grain from normal traffic, concentrating all grain operations at Humboldt yard [also in Minneapolis] and confining normal business to Shoreham yard."

To implement that basic principle, the manual prescribes precise regulations for handling empty cars westbound to the grain fields; for cleaning and inspection of such cars; for movement of loaded cars eastbound; for diversions; for inspection of grain; for billing; for handling of grain doors, and for special supervision.

Empty grain cars received by the Soo at Chicago are brought to the Twin Cities by the road's Eastern division. These cars are to be delivered in four blocks—(1) OK grain box; (2) clean-outs and upgrades; (3) NP bridge cars, and (4) GN bridge cars. Empties delivered in solid trains are to have Blocks 1 and 2 on the head end; 3 and 4 on the rear end. Eastern division crews are to take such trains direct to Humboldt yard, without passing through Shoreham. Empties moving in regular trains are to be blocked in the same manner, toward the rear of the train but ahead of TOFC and merchandise cars. As soon as the last two categories have been handled, the empties will be "promptly" switched to Humboldt. Any empty cars accumulating at Shoreham are to be taken to Humboldt; surplus empties, if any, are to be routed home; and cars for the NP and GN are to be transferred to those roads. "Both will be kept advised in advance so interchange tracks will be promptly cleared."

Equally definite procedures are established for handling cars unloaded at Duluth-Superior or at Minneapolis-St. Paul. Empties made available to the Soo at the Twin Ports will bypass the Twin Cities and go directly to Glenwood, Minn., or Thief River Falls for subsequent distribution for loading. Empties originating at the Twin Cities will be handled much like those arriving from Chicago.

'Clean out and upgrade'

Three tracks at Humboldt are designated for "Clean out and upgrade." These, says the manual, "must be available for this purpose when 'Operation Grain Movement' is started," and "must be switched as frequently as necessary to secure maximum output of OK grain cars." Special cleaning and upgrading crews are to be organized by the car department.

Two additional Humboldt tracks are designated for storage and departure of empty cars approved for grain loading. Westbound trains, operating under instructions from Shoreham yard office, pick up cars from those tracks for movement to the grain territory.

Loaded grain cars eastbound to or through the Twin Cities are to be blocked out of Glenwood (and, so far as possible, west of Glenwood) in one of five groups. Two of these groups are to be set out at, and handled through, Humboldt yard; the other three through Shoreham. Equally specific blocking is not possible on loads destined to Duluth-Superior because of elevator locations, congested conditions and heavy diversions.

Under tariff regulations, loaded cars may be held for diversion or resale at Minot, N.D., Glenwood, Thief River Falls or Minneapolis. Such diversions may be made by consignee or consignor on request to authorized traffic department representatives, with that department advising local agents and terminals so diversion can be effected before destination is reached. In such cases, waybills must be corrected to show proper charges for the additional service.

Minot, Glenwood and Thief River Falls are also recognized inspection points, where grain samples may be taken for forwarding to Minneapolis or Duluth via means outlined in the manual.

For billing purposes, the consignor is expected to present to the railroad agent at point of origin three copies of a bill of lading, properly signed. The agent receipts copies for consignor and consignee; files his own, after preparing from it two copies of a waybill showing routes, rates, weights and any special instructions. The original waybill accompanies the shipment; the duplicate goes to the receiving agent, who checks such things as extensions, rates and weights, and prepares a freight bill which is presented to the consignee for payment on receipt of the shipment.

Grain doors for use in local loading are to be requested by local agents through their division superintendent's office, which arranges to send out carloads of such doors. At local stations these doors, as allotted by the division superintendent, are unloaded by maintenance-of-way crews and piled in central locations accessible to individual elevators. They are put into cars, as needed, by elevator men.

After cars are unloaded at terminal elevators, the doors are put back into

A SOO LINE HOTSHOT heads west out of Minneapolis with (among other cars) 80 empty grain boxes.

the cars by unloading forces. Cars are then taken to a central location where Western Weighing & Inspection Bureau employees unload the doors, inspect them, reject those unsuitable for further use, and reload the others in cars for various railroads in line with allocations set up on the basis of loaded cars delivered. The Soo's terminal supervisor then bills out its doors to on-line points on instructions of the general superintendent's office on the basis of requests received from division offices.

Special supervision for grain movements is set up as needed—on the Western division at Enderlin, N.D., and on the Central division at Thief River Falls, Glenwood and Shoreham. Reports covering congestion and delays will be made to the superintendent and chief dispatcher of the division having jurisdiction.

But all operating plans are made primarily to move cars, and even the best plans are of little value if cars are not there to be handled. Like other grain-carrying railroads, the Soo knows full well that, currently, one of its most important pieces of rolling stock is an empty box car with a card on the door that says "OK Grain." All summer long, its supply of such cars has been getting extraordinary attention, with the objective of building up its fleet to carry to market what the Soo thinks could be "one of the most bountiful grain crops in years."

Its program has involved two major points:

- Augmenting its own grain car fleet with several thousand cars obtained from other railroads; and
- Expediting its repair and upgrading programs to insure a steady flow of serviceable cars at all times.

To supplement its own roster of grain cars, the Soo has ordered from the Car Service Division of the Association of American Railroads an average of 250 grain cars daily, which will come from railroads in all parts of the country. Most of them will be received at Chicago and be moved to the harvest area as rapidly as possible by means outlined in Mr. Wegner's manual. Many of them, as stated above, will be handled in solid trains, and all will be inspected (and upgraded, if necessary) before going west of Minneapolis.

In addition, the Soo's own grain cars were undergoing special repairs at Minneapolis (Shoreham), Superior and Stevens Point, Wis., for weeks before the grain harvest began. At Shoreham, a second shift of 28 men was added to the normal force of 62, specifically to upgrade grain cars. Upgrading will continue as long as necessary to assure an adequate supply of cars.

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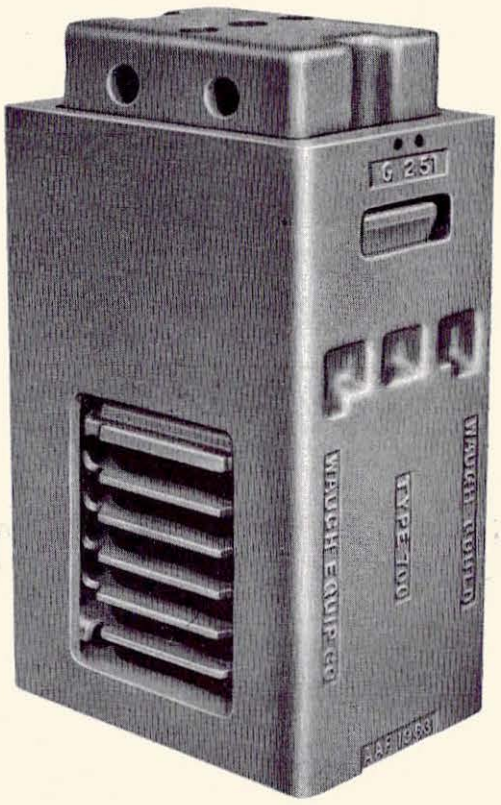

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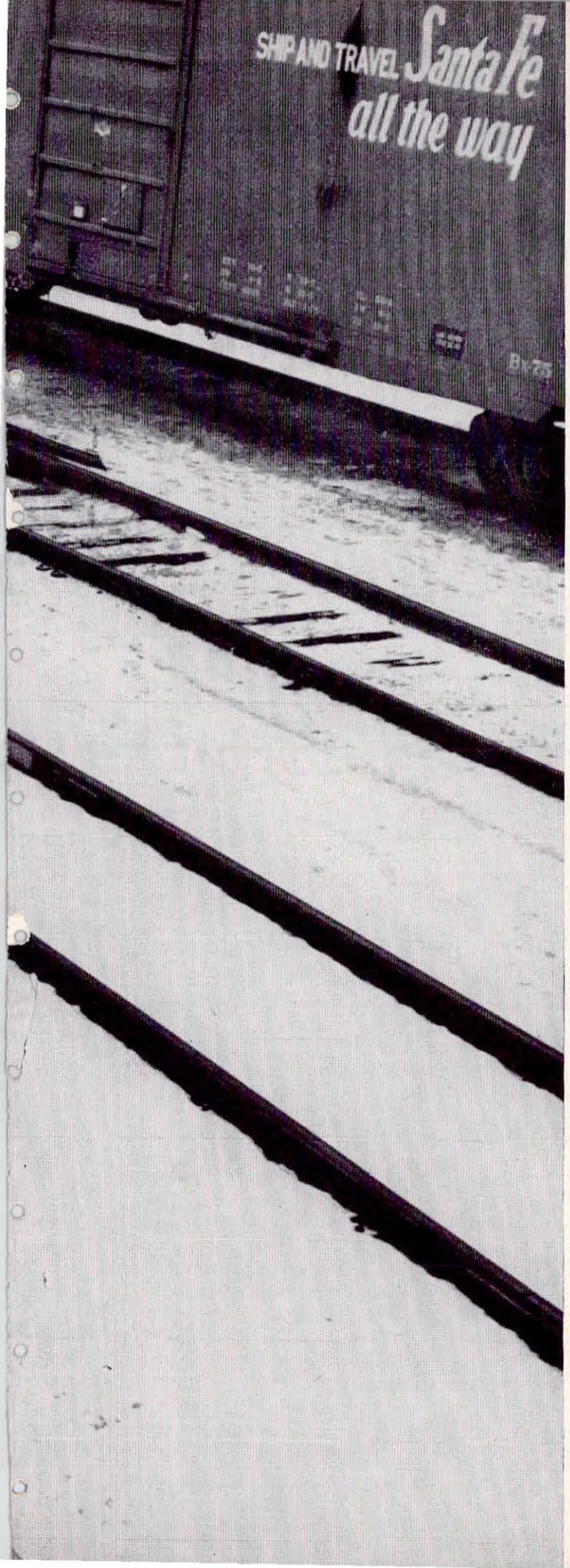

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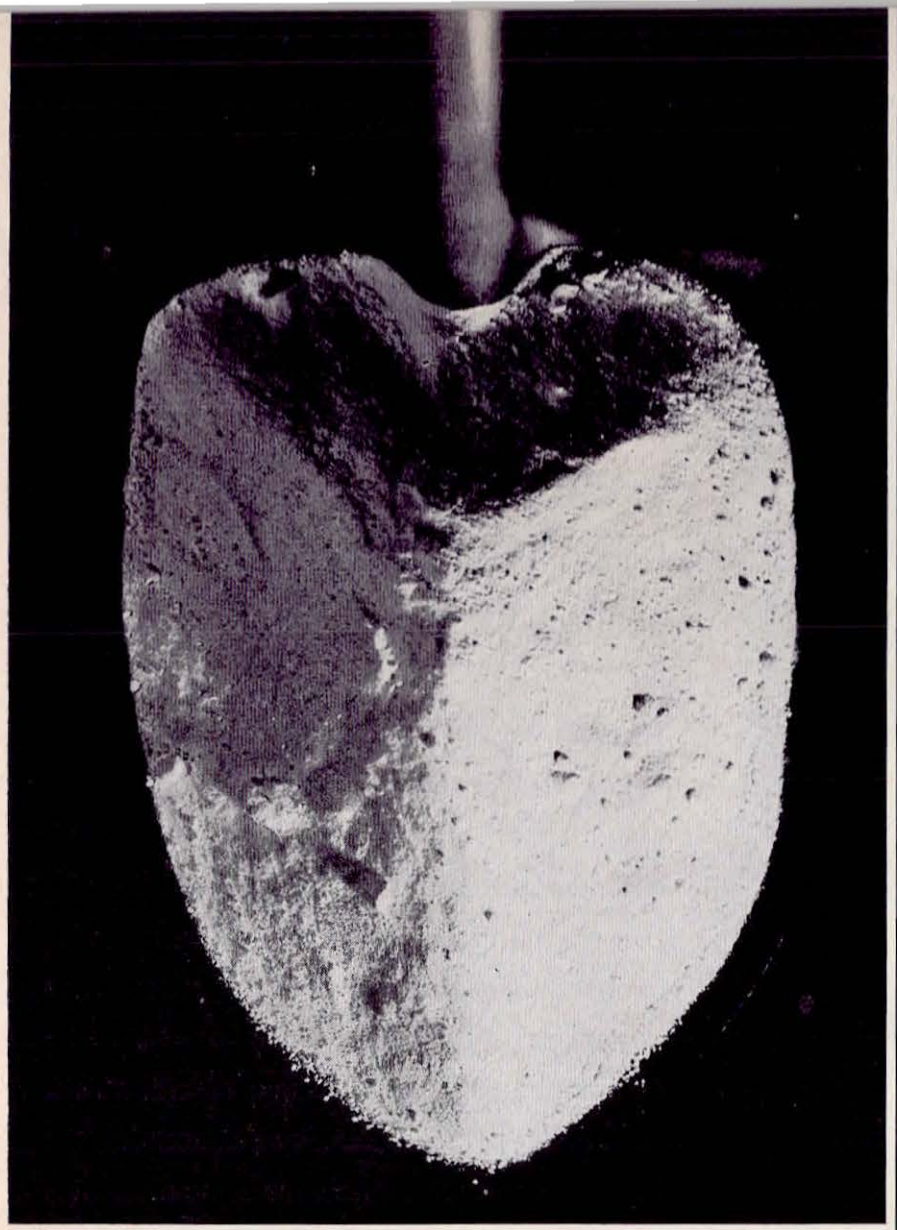

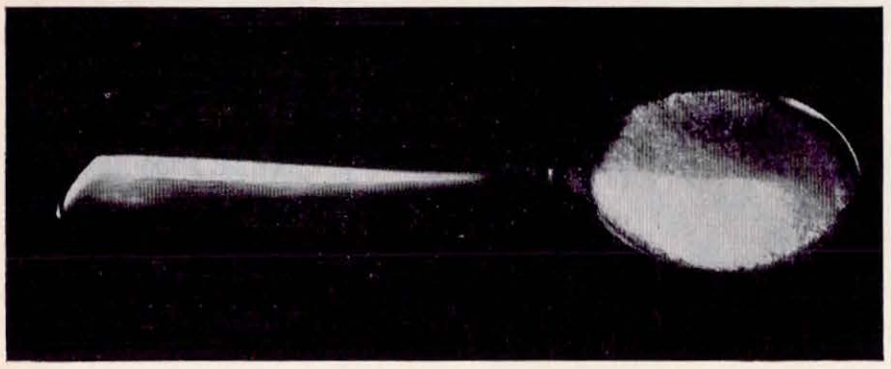

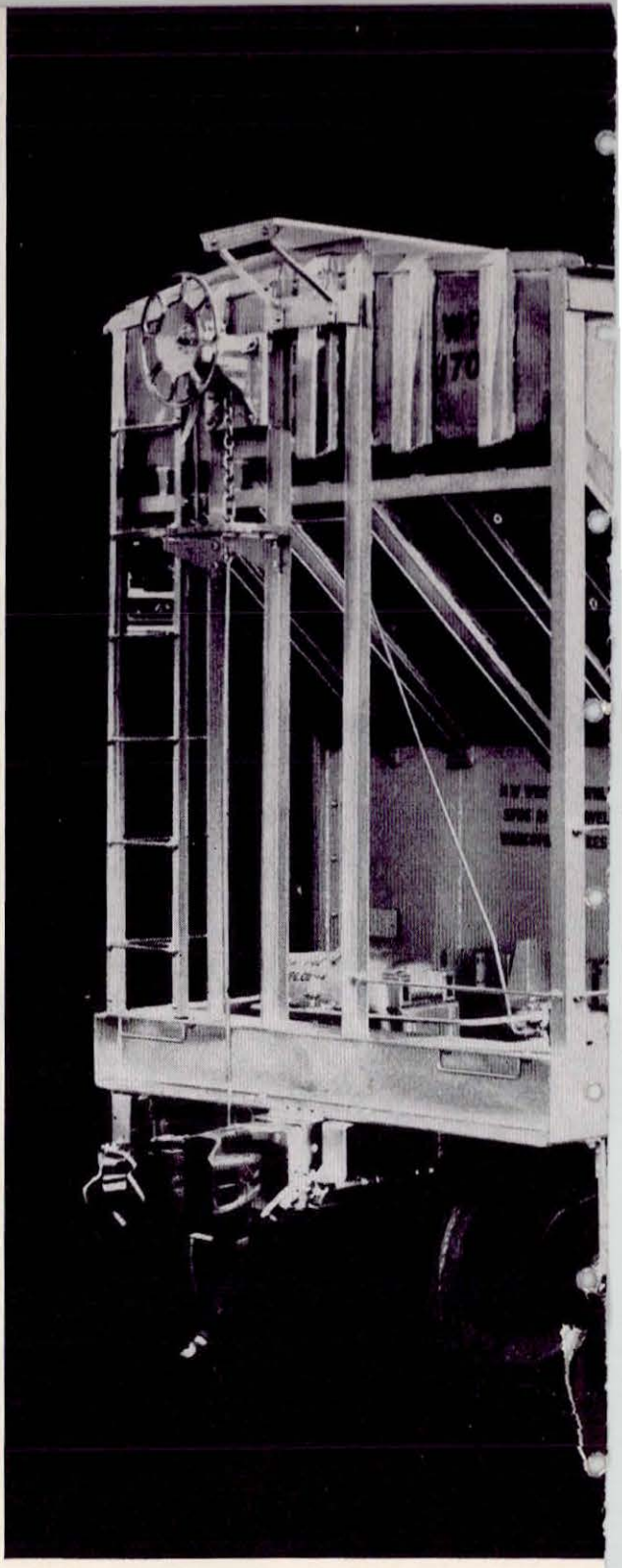

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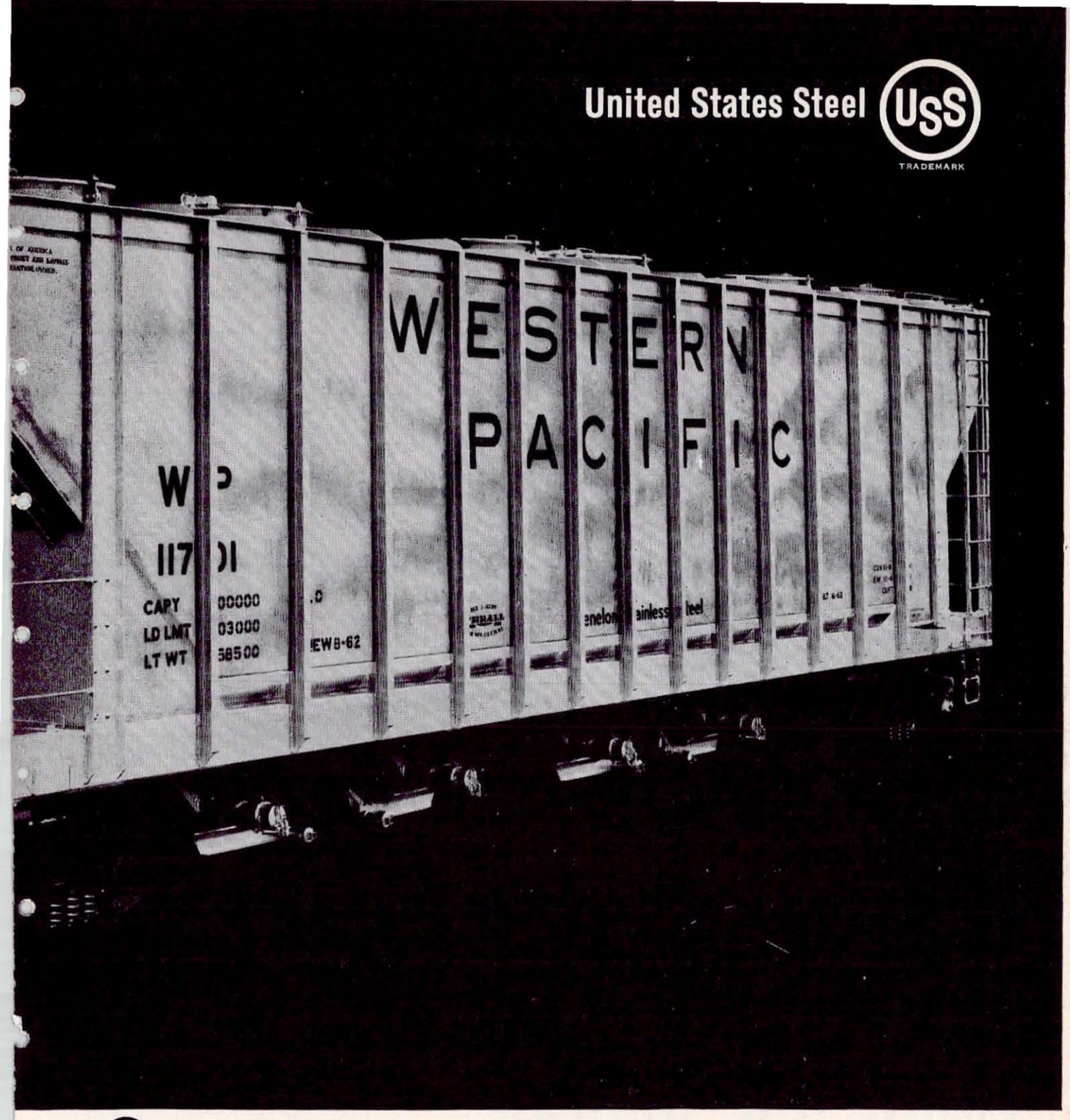
The new 4000-cubic-foot, 100-ton capacity car shown here, made from USS TENELON Stainless Steel, is a development by Western Pacific and the builder, Thrall Car Manufacturing Company, and is also the first TENELON center-discharge car to be placed in service. It can haul any variety of products such as sugar, silicon sand, malt, soda ash, phosphate, cement, rice, sodium tripolyphosphate, clay . . . and not one product will contaminate the next. The USS TENELON Stainless Steel interior is simply swept or washed between shipments.

No special precautions have to be taken . . . no liners used. The Stainless Steel itself stays kitchen clean and free from corrosion. The smooth, welded seams prevent dirt from accumulating. Bulk material unloads freely from the car's hoppers because in a well-designed car such as this the smooth surface of Stainless Steel keeps loads flowing freely.



THIS USS TENELON STAINLESS STEEL COVERED HOPPER CAR

USS TENELON Stainless Steel, recently developed by United States Steel, is the key to the car's economy and versatility. TENELON Stainless Steel has twice the yield strength of austenitic Stainless Steels. The corrosion resistance of USS TENELON Stainless Steel is comparable to that of Type 301 Stainless Steel.

For the exterior structural components, designers used two USS High-Strength Low-Alloy Steels: COR-TEN and TRI-TEN brands. The combination of these special steels gives the car its lighter weight, greater payload capacity, lower maintenance and ability to handle the widest variety of bulk products.

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Steel — This mark tells you a product is made of modern, dependable Steel.

BASIC INFORMATION ON CAR REPORTING SYSTEMS

Railroad	Name of System	Car Movements Reported in 24 hr	When Office Manned for Shippers' Inquiries hr/day; day/wk		Volume of Calls in 24 hr
AT&SF	Redball information service	20,000	24	7	*
B&O	DOT (Data on Tape)	28,000	24	7	1,000
B&M	———	5,000	8	5	——
CN	———	85,000	24 (Covers 5 regional offices)	7	5,000
CP	Integrated Data Processing	42,800	8	7	425
CofG	IBM-Teletype	1,500	8	5	*
C&O	Car Location Information Center	100%	24	7	600-1,000
C&EI	Car Reporting to Service Bureau	1,000	8	5	225
C&NW	Car-Fax	60,000-75,000	11 4	5 1	450
CB&Q	Service Bureau	6,000	24	7	325
CMStP&P	Carscope	9,000-10,000	24	7	250
CRI&P	Train Information Repetitive Unit	6,400	8	7	120
Clinchfield	———	3,000	*	*	——
D&H	Yard-to-Yard Reporting System	6,000	8	5	350
D&RGW	Shipper Facts	4,000	24	7	——
DT&I	———	1,440	24	7	——
EJ&E	IBM Car Control	4,500	24	7	——
E-L	Car Locator	10,000	24	7	200
GN	Central Car Bureau	12,000	24	7	150-200

How Car Reporting Helps the Shipper

► **The Story at a Glance: Better service to shippers is a railroad goal, and to serve this end extensive car reporting systems have been installed by many railroads. In a special Railway Age survey on car reporting systems, replies were received from 48 railroads. Of those, 41 roads said they had such systems. All but four of the 41 have an office at the car reporting system headquarters to handle inquiries from shippers.**

A car reporting system provides fast, accurate information about the location and movement of individual cars, the Burlington Lines told Railway Age in answering a survey to determine railroad use, and the extent of the use, of car reporting systems.

The Burlington's response was typical of the answers received from 41 railroads who said they have car reporting systems. Seven roads reported they do not have such systems, but many of these said that although they have no formal system, they do provide shippers with car reporting information.

Names for such systems range from Santa Fe's "Redball" information service, through Chesapeake & Ohio's CLIC (Car Location Information Center) and Northern Pacific's "Car-Tab" to such standard designations as IBM-Teletype and the Yard-to-Yard Car Reporting System of the Delaware & Hudson.

Three standard types of equipment are used in the yard offices: 23 roads reported using punch card machines; 37 roads use teletypewriters, and 6 roads use punched card transceivers. At car reporting system headquarters, the equipment line-up is as follows: 29 railroads use punch card machines; 36 roads use teletypewriters; 8 roads use punched card transceivers; and 16 roads

USED BY 39 U. S. AND CANADIAN RAILROADS

Railroad	Name of System	Car Movements Reported in 24 hr	When Office Manned for Shippers' Inquiries hr/day; day/wk		Volume of Calls in 24 hr
IC	Teletype-Data Processing Equipment	30,000	8	5	500
JCL	——	10,500	8	7	150
KCS	Central Tracing Bureau	4,500	8	7	396
L&N	——	35,000	8	6	400
MKT	Teletype	3,300	8	6	100-150
MP	Torn-Tape-Direct Teletype	15,000-17,000	8	7	175
NYC	Mechanized Car Reporting System	70,000	24	7	1,400
NKP	Advance Consists-Teletype	25,000	8	7	90
NYNH&H	IBM-Teletype	7,500	8	5	——
NP	Car-Tab	2,250	8	5	125
PRR	Digit Passing Report	50,000-60,000	*	*	——
RDG	Movement Bureau Index Report	7,500	16	7	300
RF&P	——	1,450	8	5	175
StL-SF	——	14,000-15,000	16	7	70-80
SOO	——	10,000	8	6	200
T&P	Yard Mechanization EDP System	4,000-4,500	18½	6	450
UP	Manifest Passing Report	30,000	24	7	40
Wabash	IBM	23,000	24	7	200
WM	*	6,500-7,000	24	7	50-60
WP	——	5,100	8	5	150-200

*see remarks under individual roads in article.

use digital computers. One railroad may use a combination of one or more of these machines at a yard office and in the headquarters.

Interesting variations include the Denver & Rio Grande Western's use of high-speed facsimile for transmission of waybill data from yard offices to the road's headquarters. In this system, complete waybill data is transmitted in six seconds. At its headquarters, the Rock Island is using an electronic switching unit to automatically route train consist information to the proper outgoing traffic office teletypewriter circuit. The Illinois Central, which uses a digital computer at its car reporting headquarters, utilizes a high-speed paper-to-magnetic-tape converter. To speed transmission from the Chicago relay office, the IC sends car report information over a teletypewriter circuit to the computer center at 600 words per minute.

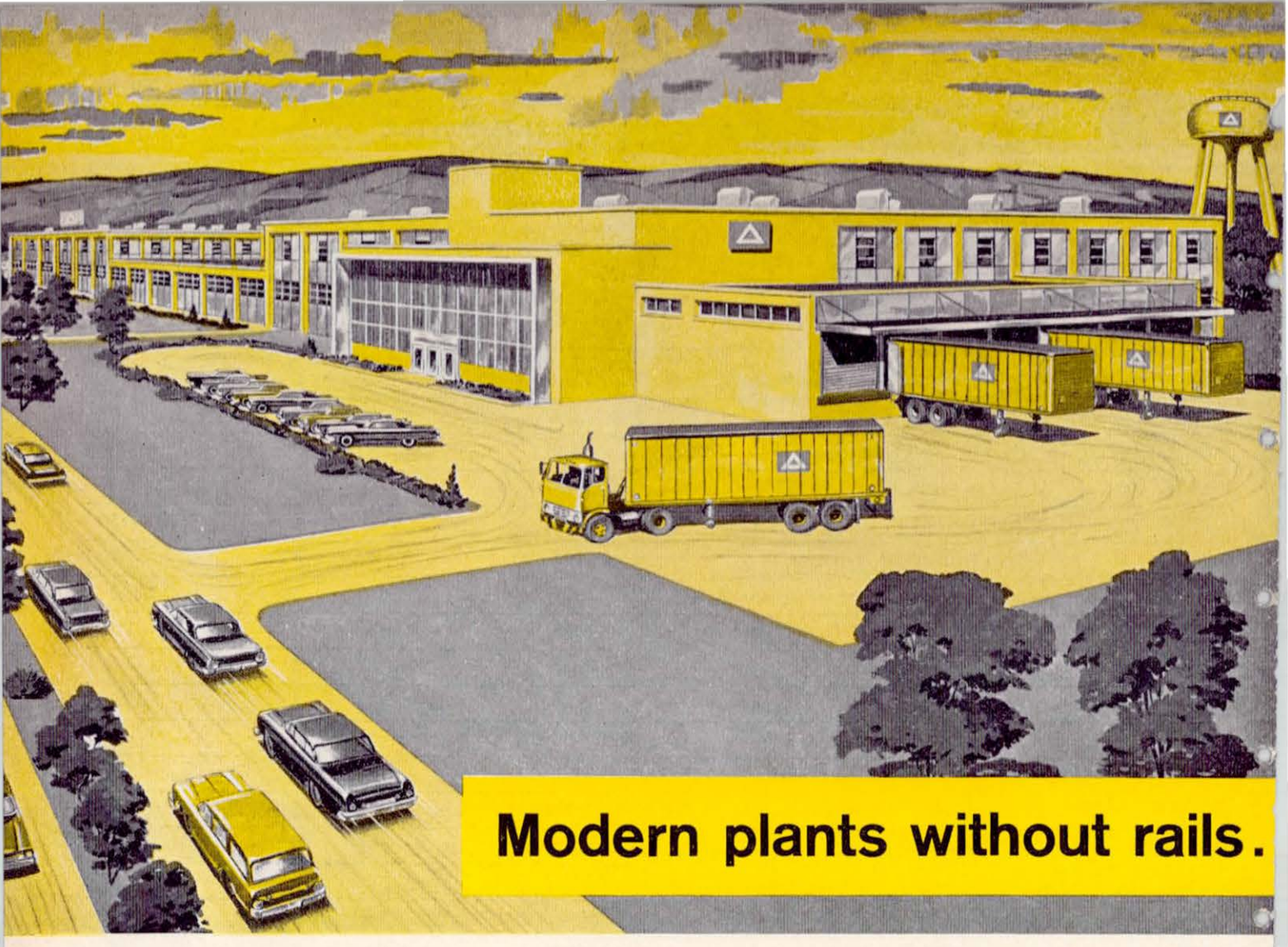
As indicated by the type of equipment used at the yard office and in the car reporting headquarters, the majority of circuits would be telegraph or voice-grade telephone (to handle the punched card transceivers). About half the railroads reporting use 60-words-per-minute teletypewriter circuits; 11 have 75 wpm circuits; and two have 100 wpm circuits. Those using punched card transceivers have a transmission rate of 10 cards per minute. The Canadian Pacific has some circuits operating at 1,000 wpm.

The number of car movements reported each 24 hours, of course, varies with the size of the railroad and the number of yards. However, a few examples will indicate the magnitude of the task performed by some railroads. (For complete figures see table).

According to the survey, the volume of car movements ranges from 1,000 for the Chicago & Eastern Illinois, through 10,000 for the Soo Line to 70,000 for the New York Central. Canadian National handles approximately 85,000 car movement reports each 24 hours, but this figure includes duplicate reporting in five regional offices.

Thirty-seven railroads said they have an office at the car reporting system headquarters to handle inquiries from shippers. Fifteen railroads man this office 24 hours daily, seven days per week; six roads man it for 8 hours daily; two roads man it 16 hours daily, and one road mans its car reporting office 12 hours daily, seven days per week. Nine railroads report using an

(*Continued on page 31*)



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CAR REPORTING SYSTEMS (*Continued from page 27*)

8-hour day, 5-day week; three roads man their car reporting headquarters offices 8 hours for six days; and one road has such an office open 18½ hours for six days.

The number of shipper inquiries at such a car reporting office each 24 hours varies with the size of the railroad and the magnitude of the car reporting job it is doing. The number of calls ranged from a low of 40 for the Union Pacific to a high of 1,400 for the NYC.

Forty railroads reported sending car report information to on-line and off-line traffic offices. The major media of transmission are teletypewriter, telephone, mail and air mail. The number of roads using each type of medium is shown below: (Figures will not add up because one road may use two or more media.)

Media	*On-Line*	*Off-Line*
Teletypewriter	29	27
Telephone	6	4
Mail	14	10
Air Mail	6	11

In answer to the question: In what areas do you find this prompt car report information helpful? 26 railroads listed per diem: 36 roads listed car utilization; 23 roads picked car and revenue accounting; and 28 railroads mentioned interchange reports.

The survey questionnaire also asked railroads to list other ways in which car report information was helpful; the advantages and disadvantages of car reporting systems; and other comments that they might wish to make. These remarks, plus those of roads which said they do not have any "formal" or electronic car reporting system, are listed below:

Atchison, Topeka & Santa Fe: An advantage of the car reporting system is that it enables the carrier to meet patron demand for car movement records. Not many shipper calls per day are received at the central car reporting office because of a voluntary system of reporting car movements to traffic department offices in charge of both origin and destination territories. These offices in turn relay car movement records to shippers and consignees by telegraph, telephone or postcards, in accordance with patron desires. This reporting is to 37 on-line and 28 off-line freight traffic offices, with assigned territories, so that all movements between points in the U.S. and Canada are reported to origin and destination territory traffic offices for relay to patrons.

Atlantic Coast Line: We do not have a centralized car reporting system. Our partial system consists of yard-to-yard reporting and information developed is furnished to our transportation and traffic departments. Media of transmission to traffic offices is by teletypewriter and mail.

Baltimore & Ohio: Advantage of being able to police and control the movement of special shipments such as perishables, livestock, excessive dimension and other unusual loads.

Bangor & Aroostook: We have no formal system of the type your questionnaire contemplates. We do have a constant check on cars on our line maintained by our car service department and available to our shippers and receivers through our northern Maine sales office in Presque Isle.

Bessemer & Lake Erie: None of the equipment listed in the questionnaire is used for car reporting. However, shippers are provided fast, accurate information on location and movement of individual freight cars on request. If information is not available from reports in the office, it can readily be secured by company telephone from the various interchange points or yard offices. The office of superintendent of transportation, Greenville, Pa., is open 16 hours daily, Monday through Friday, and 8 hours on Saturday and Sunday to handle inquiries from shippers.

Boston & Maine: Another car reporting system advantage is in providing current operating information. However, a disadvantage is the cost of such a system.

Canadian National: Other advantages of car reporting systems include advance train consists to facilitate train and car handling. The system allows preparation of operating and sales statistics faster and in more usable form. Our final system is still in the development stage, with the status ranging from a high state of refinement in the Atlantic region to an initial stage in the Mountain region, with three other regions at intermediate levels.

Canadian Pacific: A car reporting system leads to the possibility of improved information for customer service, and car service on a current basis. On the other hand, because of mechanized handling, errors are quickly carried to many levels. This requires greater care and attention to detail than a clerical system.

Central of Georgia: We have no accurate count of the volume of shipper inquiries made daily, but a substantial number of calls are handled daily by 40 different traffic agencies. With a car reporting system, we can keep our customers better informed.

Chesapeake & Ohio: The ultimate advantage of a car reporting system is the optimization of car utilization.

Chicago & Eastern Illinois: In addition to per diem, car utilization and interchange reports, service to the customer is an advantage of having a car reporting system.

Chicago & North Western: Other car reporting system advantages include improved train operations, sales statistics, customer relations, reconsignment and diversions.

Chicago, Burlington & Quincy: Another car reporting system advantage is to provide shippers with fast, accurate information on location and movement of individual cars. However, many roads do not have reporting systems and when three or more roads are involved in the movement, with only one or two roads reporting, the information is spotty. It also places more of a burden on the reporting roads.

Milwaukee Road: A car reporting system helps in tracing, reconsigning and expediting cars. Maximum utilization of special equipment is obtained. Another advantage is the furnishing of a fast home route disposition on foreign equipment.

Rock Island: Another advantage of a car reporting system is in furnishing information to traffic representatives for relay to shippers and consignees.

Clinchfield: Car report information provides advance switch lists, helps in diversions and in correction of misrouting. A car reporting system eliminates reports or duplication of reports at junction points. Consolidation of interchange and accounting reports at a central point permits more uniform appearance of reports and closer control. Although we do not have a specific arrangement at headquarters to handle inquiries from shippers, the information which is made available to the headquarters office and traffic offices in the field, both on-line and off-line, provides shippers and/or receivers with an unlimited amount of information locally to eliminate many long-distance inquiries. This actually furnishes them with the information concerning their shipments in many cases prior to the need of inquiry. Their information is available or furnished 8 hours per day, 6 days per week.

Delaware & Hudson: Car report information is helpful for yard studies and in making traffic surveys. The system assists shippers, provides standardized and prompt reports and enables off-line offices to provide prompt advice on cars. The only disadvantage is the difficulty in training personnel at outlying yards. Our car reporting system has worked very satisfactorily and has proved to be most advantageous to both the D&H and its customers.

Denver & Rio Grande Western: A

(*Continued on page 34*)

This GATX tank car takes the "bite" without corroding— —

Tough problem: How to haul highly corrosive ammonium nitrate. Steel cars? Experience proved they corroded badly. Stainless steel cars? They were too expensive. But aluminum, along with its many other benefits, is immune to this corrosion. Reason enough for Armour & Co. to lease 120 insulated aluminum tank cars from General American Transportation Corp. to haul high grade ammonium nitrate fertilizer. Many of these tanks are made with Reynolds Aluminum. They are fiberglass-insulated with an outer steel jacket.

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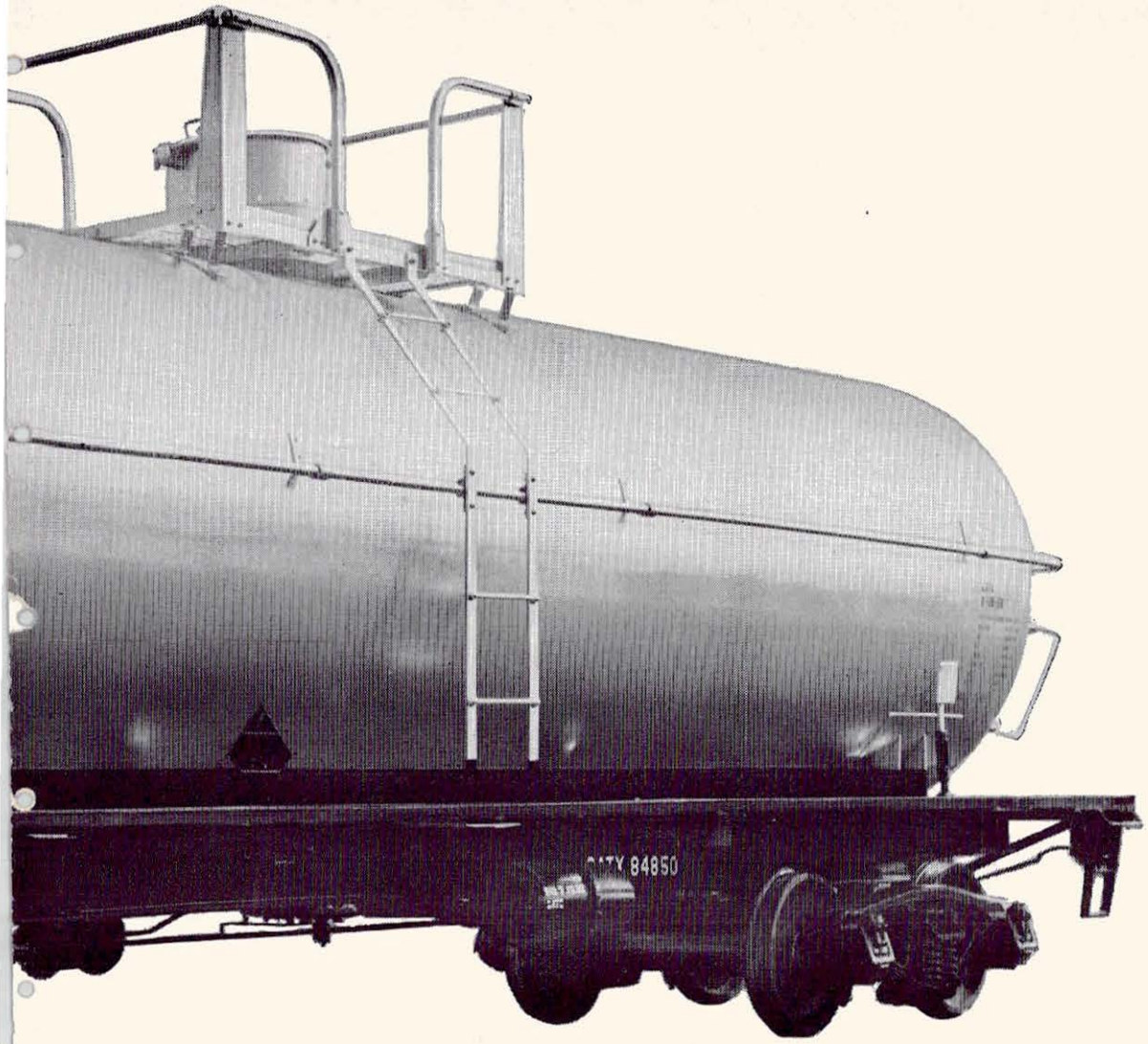

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CAR REPORTING SYSTEMS (*Continued from page 31*)

car reporting system makes for more rapid accumulation and dissemination of traffic and revenue information. One disadvantage is the lack of car information in yard offices.

Elgin, Joliet & Eastern: Car report information is helpful in expediting the handling of loads and empties. It also aids in working of demurrage, and a system makes the information readily available for customers.

Erie-Lackawanna: Advance yard operation programming is an additional help from car report information. Other advantages of such a system include improved car handling, accurate and prompt reports, providing answers to shipper inquiries, simplified car tracing, and aids in car distribution. There is some increased expense for mechanized equipment which it is not always possible to offset by reduction in the number of personnel normally required in yard offices.

Great Northern: Other advantages include well-informed traffic offices and no delay in answering customer inquiries. Advance train consists are beneficial to all operating personnel.

Illinois Central: Another advantage of a car reporting system is that it improves reconsignment of cars.

Kansas City Southern: Dissemination of information enables our traffic offices to advise shippers and consignees of the movement of cars.

Louisville & Nashville: With a car reporting system, car movement data is more current, thereby providing car records to patrons and management more promptly. The advantages of a reporting system are unlimited, both to patrons and management, in such areas as movement information, car utilization and revenue reporting. Improvements in both communications and computers will eventually revolutionize railroad record keeping and accounting.

Missouri-Kansas-Texas: Car report information is helpful to customers as well as the railroad. Such a system is of benefit to shippers and the railroad's traffic salesmen.

Missouri Pacific: A car reporting system provides information to shippers and receivers of freight; also to on-line and off-line traffic agencies; provides those interested with up-dated information for records and statistics relating to car movements, both loaded and empty.

New York Central: Reporting information is helpful in notifying both shippers and consignees of cars cut out en route. A car reporting system permits running trains through intermediate yards without processing waybills. Preprogramming of yard operations in advance of train arrival is possible.

New York, Chicago & St. Louis: A system provides a service for our customers. Regular expedited service greatly reduces the necessity for voluminous car tracing.

New York, New Haven & Hartford: A car reporting system has the advantage of reducing open per diem and mileage records, because it provides more accurate information. The system is able to furnish management with current reports, on such things as the number of cars on line, because of faster receipt of interchange reports.

Norfolk & Western: We have a car reporting system to provide shippers, on request, information on location and movement of individual freight cars. We use teletypewriters in yard offices for preparation of passing reports for individual cars coming to us from connections and moving in trains from interchange and train consolidation points. Information concerning cars en route to destinations in each traffic office territory is extracted from these reports in our car service department and transmitted to the interested offices. This transmission is by company wire, leased wire or by mail, depending on location of the office to which the information is going.

Teletypewriters are also used to transmit advance information about the total number of cars in certain classification groups of trains approaching classification yards, but this is for operational purposes rather than for tracing. We are currently making plans to install a mechanized reporting system with a tracing center to provide better data.

Northern Pacific: Car tracing is also handled with the office of general superintendent of transportation when the car tracing office is closed after hours, and on Saturdays, Sundays and holidays. The car reporting system aids in tracing older records. Also it is used for car accounting and freight claim information.

Pennsylvania: Inquiries from shippers are directed to and answered by regional and field sales offices from Teletype records furnished by headquarters office. This makes it unnecessary to have an office at the car reporting system headquarters to handle such inquiries. Our car reporting system is based upon movement information (freight train consists) received from principal yards and terminals by Teletype. The information is also used to advantage in per diem, car utilization, car accounting and interchange reporting areas, but it would be inaccurate to say such areas depend upon our digit passing (car reporting) system.

Reading: Our car reporting system aids in expediting cars and satisfying patrons, and is helpful for car utilization and in sales and service work.

Richmond, Fredericksburg & Potomac: Car report information is also helpful in traffic and sales work.

Seaboard Air Line: We do not have a formal car reporting system, but we do have a highly effective system for supplying pertinent information to shippers and receivers concerning movement of their carload freight. Interchange reports and freight conductors' wheel reports are mailed to headquarters in Richmond, Va. They provide basic information for car accounting records

(*Continued on page 49*)

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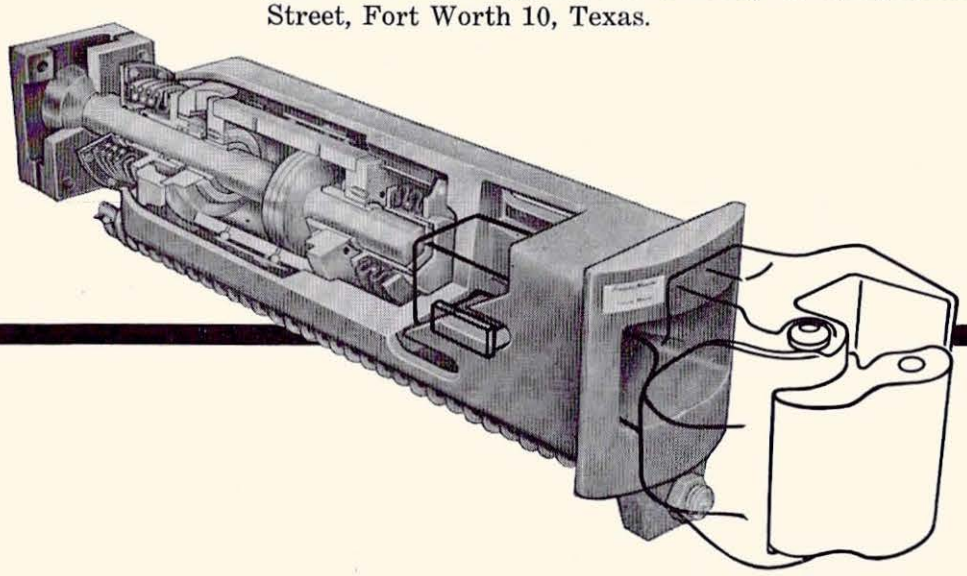

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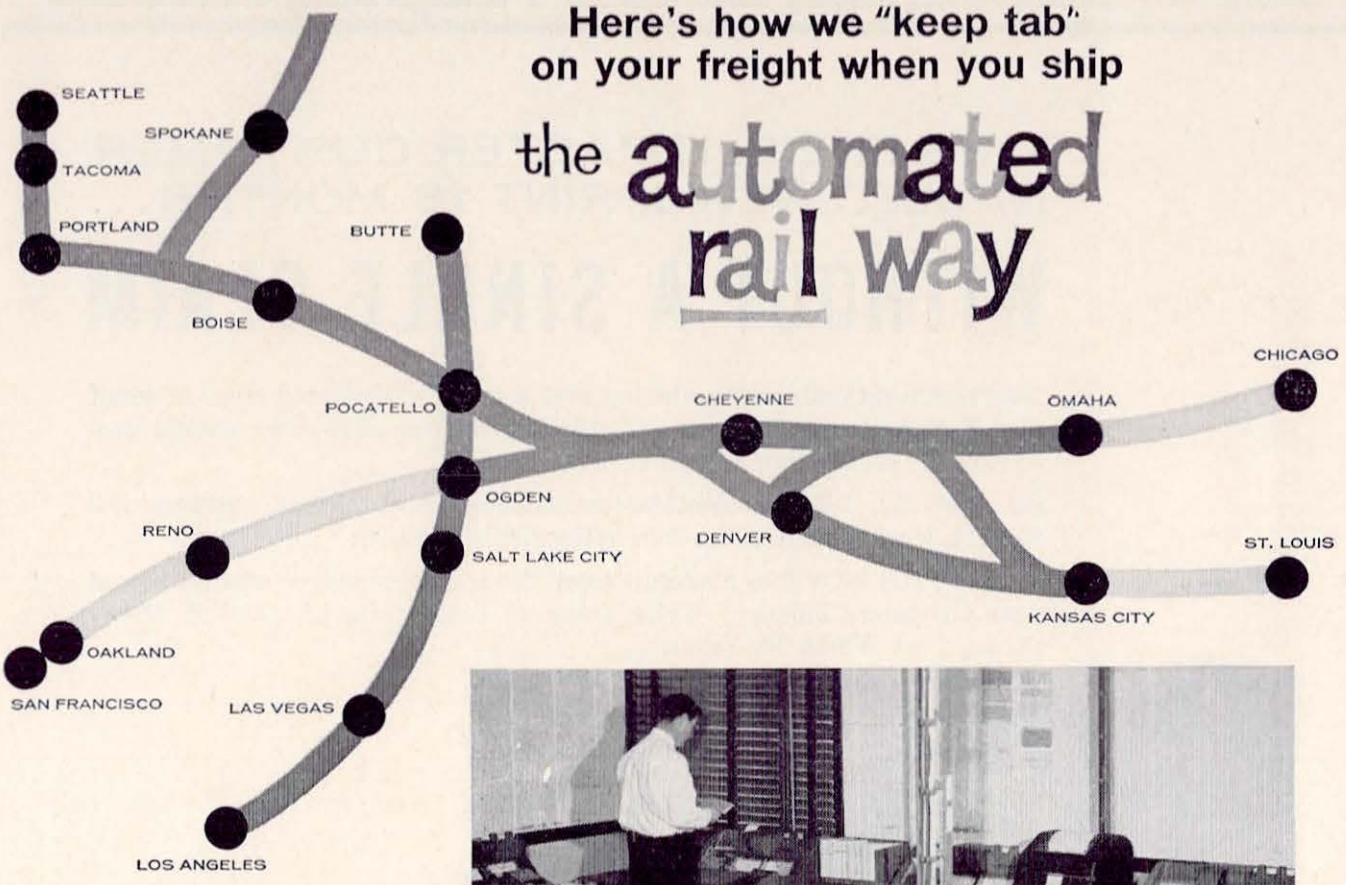

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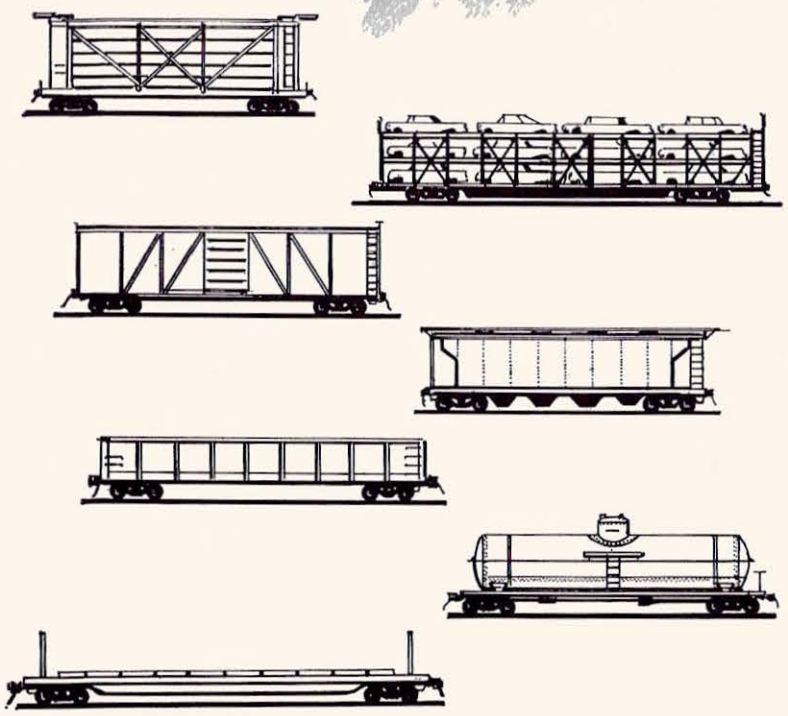

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KEEP SECTION 5a (*Continued from page 13*)

semblance of order in rate-making to prevent the chaos that would surely call for revival of burdensome legislation—assuming enactment of S. 3234," thinks G. H. Cunningham, general traffic manager, Sterling Drug, Inc., New York. This leads him to the conclusion that "carriers ought to be permitted to work in concert in establishing reduced rates, which apparently would not be subject to suspension."

More—not less—regulation

"The question," says M. D. Dyer, manager, Traffic & Transportation Department, Little Rock, Ark., Chamber of Commerce, in a typical second-group reply, "assumes agreement as to deregulation of rates on bulk or agricultural commodities. I do not think such deregulation is proper. Rather, regulation should be imposed on forms of transport other than rail. The only unregulated movements should be the initial movement to storage or processing plant."

Mr. Dyer has a lot of other respondents in his corner. His near neighbor, B. C. Worley, manager of the Fort Smith Freight Bureau, would retain Section 5a but regulate movement of bulk and agricultural commodities "via all for-hire modes of transport." C. F. Witmyer, traffic manager, John W. Eshelman & Sons, Lancaster, Pa., another proponent of 5a, believes "agricultural commodities should only be exempt to primary market, with regulation beyond, in order to distribute them to the final consumer on an equitable basis." L. M. Parmelee, traffic manager, Nicholson File Co., Providence, R. I., also thinks "motor carriers should be subject to regulation on agricultural commodities and barge lines on bulk commodities, as recommended by the ICC." R. F. Treptow, GTM, H. D. Lee Co., Kansas City, Mo., likewise agrees with ICC Chairman Rupert L. Murphy that "more regulation on presently unregulated commodities is needed—not less." "Most of the trouble with common carriers today, rail and truck," he adds, "is too much freight moving on a non-regulated basis by gypsy trucks which do nothing to advance the cause of good transportation that the country requires."

Longer replies, in somewhat the same vein, came from A. V. Krone, GTM, United Carbon Co., Houston, and R. A. Ellison, manager of the Transportation Department of the Cincinnati Chamber of Commerce, both of whom favor (as do most of the other men quoted) retention of 5a.

"Regulation of bulk and agricultural commodities in some form should be made to apply to all carriers, rather than extension of deregulation to all carriers on these commodities," Mr. Krone wrote. "To extend deregulation would simply extend the area for discriminatory practices."

Mr. Ellison suggests that "Section 5a should apply to every mode of transportation" or, "if there be no Section 5a, then antitrust laws would and should apply to all modes. The real answer to the rail problem is regulation of bulk and agricultural commodities via all modes of transport"—with Section 5a retained in force.

R. F. Hogan, traffic manager, Warner Co., Philadelphia, thinks "any change in Section 5a would result in complete and utter chaos," and E. L. Ross, traffic manager, Armstrong Paint & Varnish Works, Chicago, "sees no good reason for changing our present method of rate-making generally or with any specific class of commodities."

D. L. Koerber, executive secretary, Coal Traffic Bureau, Pittsburgh, "feels strongly that Section 5a should continue to apply," but believes "primary emphasis should be given to the financial plight of the railroads and the need for immediate affirmative action."

Respondents who feel that Section 5a should not be applied to bulk and agricultural commodities (if they are removed from minimum rate regulation) give various grounds for the opinion they hold.

"We were assured the carriers would retain the right of independent action," says R. P. Clinton, general traffic manager, Minneapolis-Honeywell Regulator Co., Minneapolis, "but the majority of complaints filed are by bureaus against member carriers for taking independent action." Mr. Clinton adds that his personal opinion "is to get rid of all regulation."

J. B. Griffin, director of traffic, Scovill Manufacturing Co., Waterbury, Conn., also questions the "application" of 5a as opposed to its "purpose." It is, he says, "being used as a club by carriers to force their own members to adhere to principles or pronouncements of [rate] bureaus. It is an instrument of scare to which the average traffic manager or carrier dares not move in opposition, because of fears of reprisal from his own group or the publishing or bureau manager."

"Carriers," he adds, "should be obliged to assert, at least once a year, that they are preserving to the letter the right of independent action," and suggests that the ICC poll both carriers and shippers annually on this point.

R. L. Travis, traffic manager, S. D. Warren Co., Westbrook, Me., and R. A. Stuart, general traffic manager, Whitehall Laboratories division of American Home Products Corp., New York, both feel that removal of minimum-rate regulation, without Section 5a "would aid in allowing all carriers to compete on an equal basis."

As indicated at the outset, the question of anti-trust laws is a sticky one—if Section 5a were to be limited or partially nullified. To point up this phase of the problem, A. C. Roy, director of traffic, Pennsylvania Glass Sand Corp., Pittsburgh, and R. H. Heilman, director of transportation, A. O. Smith Corp., Milwaukee, both feel Section 5a should not be applied in setting unregulated minimum rates on bulk or agricultural commodities. But one thinks "unregulated rates would have to be removed from Section 5a anti-trust protections." The other says "carriers must be protected against anti-trust violations."

An Idea for Better Shipping

To make sure its steel filing cabinets reach their destination exactly as they come off the production line, Meilink Steel Safe Co., of Toledo, is using finish-protecting 16-oz waxed paper bags as shipping innerliners.

The complete package includes a wooden base; a 5,000-lb-test "crash pad" on the front of the cabinet to protect handles and locks, and an outer corrugated shell of 500-lb-test kraft board girded vertically with two steel straps.

The waxed paper bag, "ballooned" over the top and sides of the cabinet, inside the crash pad and outer shell, is intended to eliminate possibility of scratching or chipping in transit.

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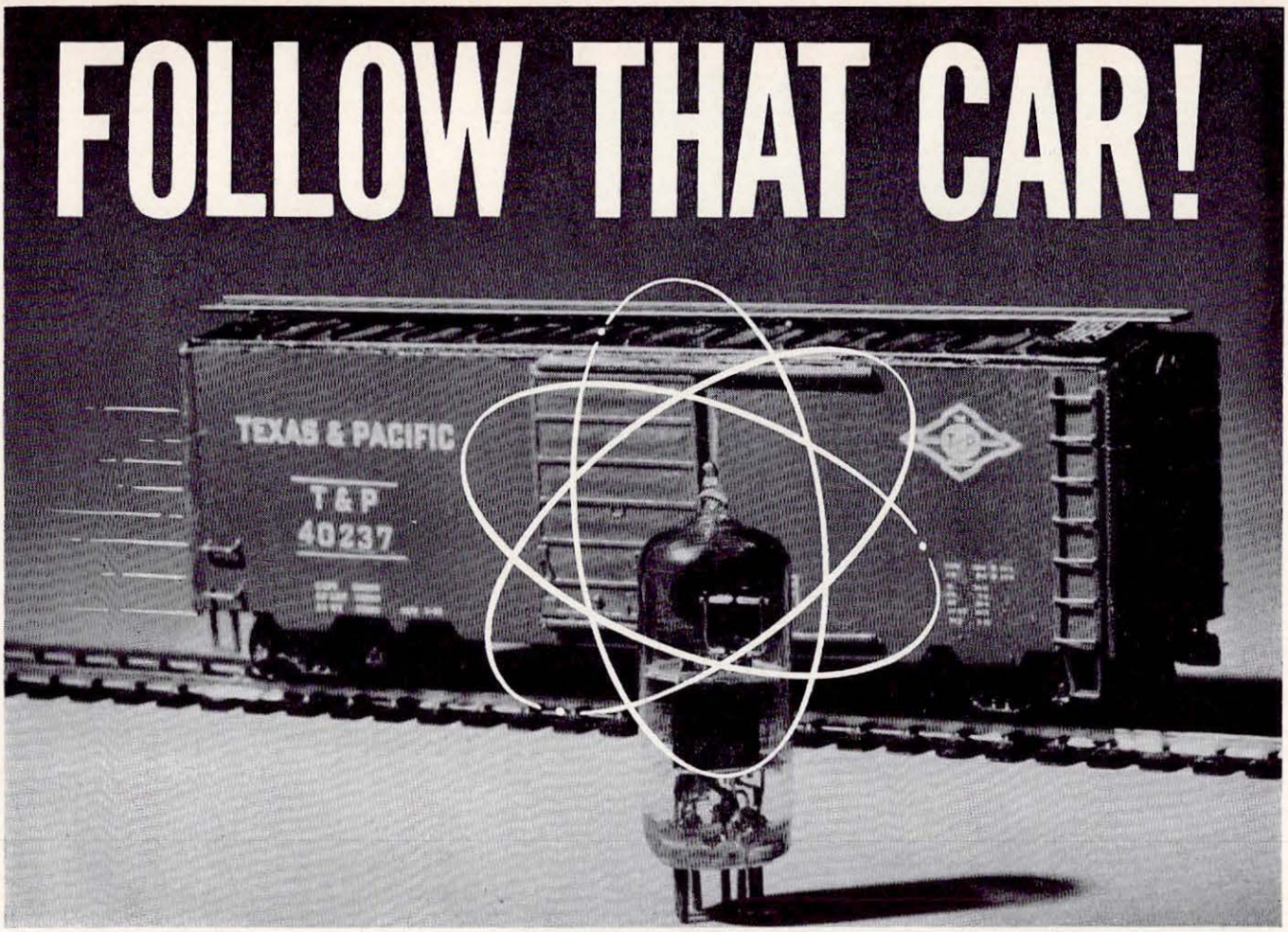

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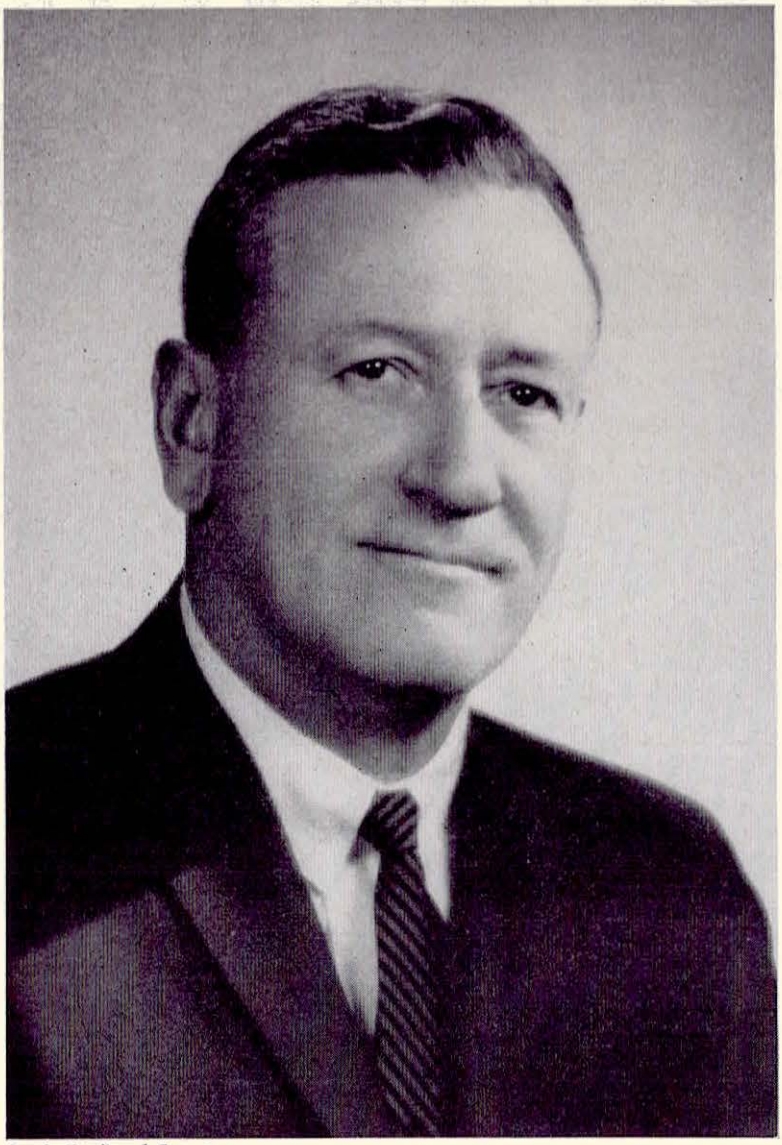

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Great Dane, instead of pouring a liquid, uses a continuously formed froth which looks like the shaving cream you get from an aerosol can.

Frothing-in-place insulation gives you one complete wall of urethane. The froth is shot into the trailer wall cavities where it expands in a two-to-one ratio to fill the entire space uniformly all at one time. It forms a single, seamless barrier against moisture, heat, air, and ice build-up.

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There are many advantages to using urethane as an insulation material for refrigerated trailers. There are many advantages to you of having urethane frothed-in-place by Great Dane. Call or write today and get the full story.

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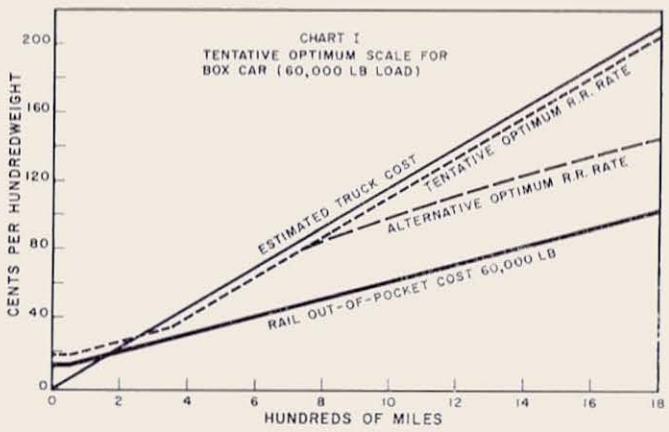
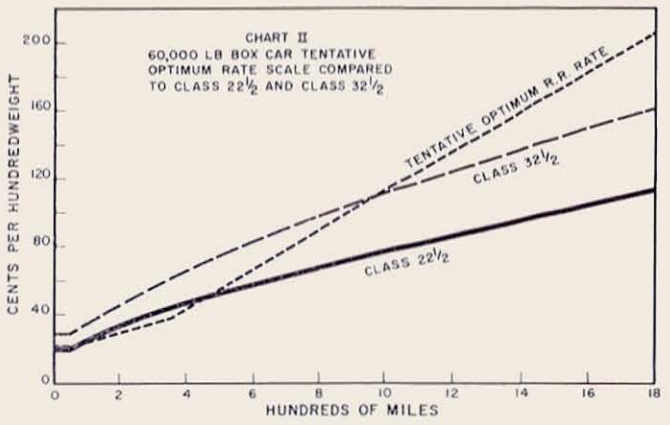




Why the Class-Rate System Is

► **The Story at a Glance: The system of class rates for railroad freight is anti-economic for an era of competition. All the class rate scales are relatively high (compared with truck and railroad costs) for shorter distances, where competition is keen and the bulk of traffic moves. On the other hand, class rates are relatively low for longer distances, where competition is usually less important. While class rates move very little traffic, they are often used, in part, as models for specific rates—thus introducing serious economic errors into practical pricing.**

This article suggests that class rates be discarded and that, in their place, there be substituted a numbered series of economically constructed rate scales —each designed to meet a particular cost and competitive situation (including the market competition of long-haul shippers). Scales of this kind have been in successful use in France for years.

To make rate adjustments to improve railroad traffic and net earnings on any commodity, information is needed, first, on railroad and truck costs.

The "floor" for acceptable and successful competitive railroad rates cannot go below railroad incremental (commonly known as "out-of pocket") costs. The "ceiling" cannot be higher than the cost of competing truck service. Incremental costs are the added costs that are incurred if added traffic is handled, or are avoided if the added traffic is not handled.

(Actually, the rail rate ceiling should be related to truck operating costs, rather than to the rates charged by for-hire truckers, because if for-hire truck rates are substantially higher than truck costs, the tonnage will tend to go to private carriers.)

The private truck is the ultimate competitor, and competitive railroad rates which do not take full account of private truck costs can be effective, at best, for only a short time. In making railroad rates to compete with trucks, rail rates usually have to be somewhat lower than the truck charges, to offset trucks' service advantages.

Chart I shows Eastern District ICC so-called Form A "out-of-pocket" costs for box car movement (60,000-lb load) and estimated truck costs. It also locates a scale of railroad rates at a tentative "optimum" level, in the light of both railroad and truck costs. These Form A costs are used in the chart only for purposes of illustration. Actually they are, on the average, considerably higher than true incremental costs—and the Eastern District Form A costs are higher than those in the West and the South. Moreover, costs of specific movements will depart from these averages.

It will be noted that this tentative optimum scale follows along just slightly above railroad costs up to the point where truck costs begin to exceed rail costs. Thereafter, the scale follows along just sufficiently lower than truck costs to overcome "railroad service disability."

It might be said of this tentative optimum scale that it is determined by railroad costs, up to the point where truck costs exceed railroad costs. Thereafter, the scale follows "value of service" as a ceiling. The maximum value of railroad service, nowadays, is the cost to the shipper of alternative methods of moving his freight (less any extra costs or inconvenience the customer may incur if he uses rail rather than truck).

There may, possibly, be a lower "ceiling" on "value of service" for some long-haul shippers—lower, that is, than the cost of alternative transportation. This would occur if railroad rates, at or near the cost of alternative service, were too high to enable the long-haul shipper to compete with short-haul shippers of the same product.

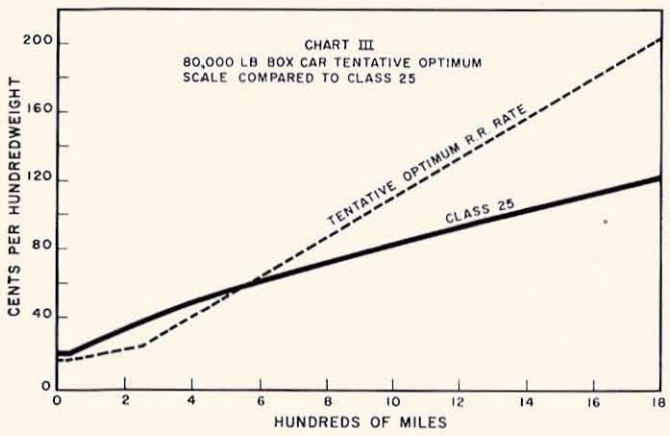
A similar tentative optimum scale for railroad rates can be constructed for any minimum load. It, of course, will vary with the minimum load; and will vary also depending on the type of equipment used, the empty-return ratio, the loss and damage ratio and other factors.

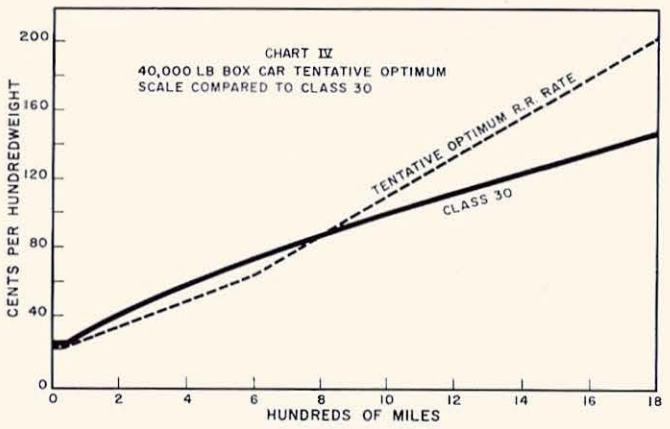
The "alternative optimum" curve in Chart I portrays a rate progression which takes account of the possible market-competitive position of long-haul shippers, and is discussed in more detail further on.

Chart II shows the tentative optimum rate scale for a 60,000-lb minimum load in a box car, compared with the Class 22½ and Class 32½ scales. It will be noted that the Class 32½ rates are far above the tentative optimum level up to about 900 miles. Beyond that distance, Class 32½ rates are lower than necessary to meet the competition of truck service.

The Class 22½ rates are higher than the competitive rates railroads could afford to make in the 100-400 mile zone, but are a great deal lower than competitive costs make necessary for distances above 500 miles.

The application of Class 22½ or Class 32½ rates for a 60,000-lb carload quite clearly does not make the most of railroad costs or competitive truck costs in a manner to maximize railroad traffic and net earnings. The class rates, and all rates modeled on the class rate basis, are too high for the shorter hauls, and are frequently far lower than competitive conditions require for the longer hauls.





Anti-Economic for RR Freight

The class rates do not move any great volume of traffic, but they are a constant temptation as a model for rate-makers and regulators.

Chart III compares the tentative optimum scale at 80,000 lb with the Class 25 scale, showing again how a class rate—any class rate—persists in being competitively too high for shorter hauls and often much lower than necessary for longer hauls.

Chart IV shows the tentative optimum rate for a 40,000-lb minimum in a box car. Here, again, a comparable class rate, Class 30, shows itself to be uneconomically high, and destructive to traffic volume, up to almost 800 miles, and improvidently low for greater distances.

Chart V shows that, to apply class rates to a given commodity, while keeping the rate progression near the tentative optimum for railroad traffic and earnings, it would be necessary to use Class 20 (for a 60,000-lb load in a box car) for distances up to 300 miles. From 300 to 600 miles Class 22½ and 25 would be needed. From 600 to 800 miles, the tentative optimum would be approximated by Class 27½—and so on.

To make use of class rates, while keeping them near to the tentative optimum in maximizing railroad traffic and earnings, classes all the way from Class 20 to Class 40 would be needed, up to 1,700 miles.

In the charting of "optimum" rates in Charts I-V the qualifying term "tentative" has been used. This is because no factors have been considered in drawing the curve except railroad costs and competitive truck costs. No "taper" has been shown in the tentative optimum scale for the longer distances.

Such taper appears, of course, in all class rates—often, quite likely, to a much greater degree than necessary.

But there undoubtedly are cases where the really optimum rate should also have some taper to it. For example, taper should be applied if there are a lot of long-haul shippers who would have the volume of their traffic sharply reduced by a scale determined only by railroad and competitive truck costs.

Chart VI shows tentative optimum rate scales for 20, 24, 30, 36, 40 and 60 thousand pounds. The dotted lines show how a taper could be adapted to these scales for the greater distances, to arrive at the actual optimum scale, in those cases where shippers' market competition requires it.

The point is that a series of actual optimum scales (with and without taper) for all weights and types of traffic could readily be developed to be used as standard rates, each scale to be given a serial number for ready identification. Such a series of scales would serve the same purpose in rate construction for which the class rates were intended (and are still persistently used, to the detriment of both the railroads and their patrons). The difference would be that the proposed series of scales: 1) would be strictly economic and competitive;

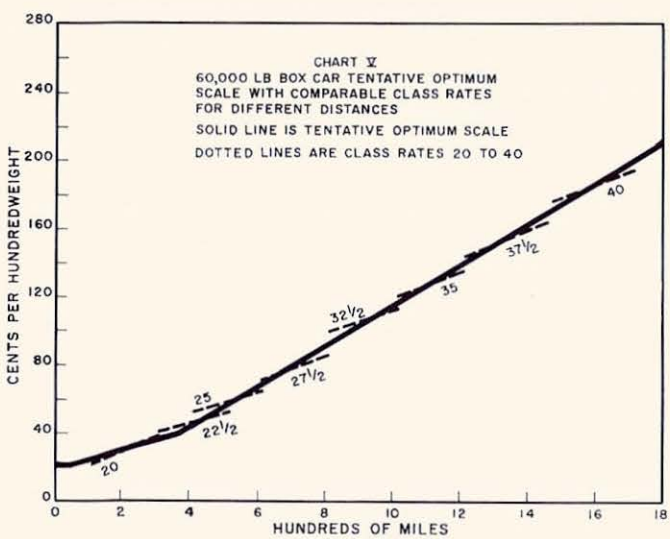
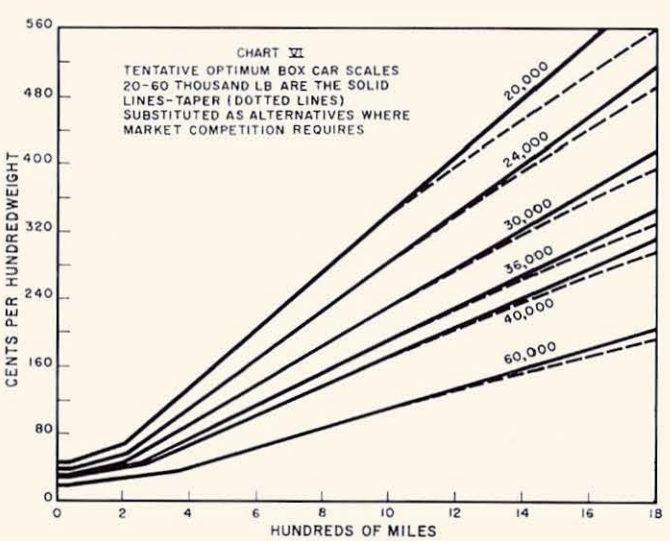


CHART V
60,000 LB BOX CAR TENTATIVE OPTIMUM
SCALE WITH COMPARABLE CLASS RATES
FOR DIFFERENT DISTANCES
SOLID LINE IS TENTATIVE OPTIMUM SCALE
DOTTED LINES ARE CLASS RATES 20 TO 40
CENTS PER HUNDREDWEIGHT
HUNDREDS OF MILES



Missouri Pacific Truck Line, Inc. modernizes road/rail services with MORE THAN 100 TRAILMOBILE VANS

In a move to broaden and upgrade highway and piggy-back transport services, Missouri Pacific Truck Line, Inc. has added more than 100 Trailmobile Series/70 vans to their growing fleet. In commenting on the modernization program, Mr. Charles Groton, Company President, said, "We looked over a number of trailer makes but we certainly liked what we saw in Trailmobiles."

Trim, modern Trailmobile Series/70 vans are drawing this kind of praise wherever they are used. A very favorable strength-to-weight ratio . . . a simple trouble-free tandem and unusually strong side structure contribute significantly to the reliable, low cost performance of this equipment. And the rugged, new upper fifth wheel—four times stronger than the previous design—provides exceptional strength and versatility for tandem tractor and piggy-back operation. Good solid construction means less maintenance and down time—and this can readily be translated into higher revenues and better customer service.

Missouri Pacific's new units are big 40′ C-78 composite aluminum and steel vans which put substantial extra capacity at the disposal of their shippers. TR-1027

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2) would not be too high for the shorter hauls and unnecessarily low for the longer hauls, as class rates almost invariably are; and 3) would provide the correct degree of taper required (not too much or too little) to keep long-haul shippers in business.

If at any time rate increases should become necessary, they could be applied with much less damage to the railroads' competitive position on these "optimum" scales than on rates that have the general shape of the class rates. That is to say, when percentage increases are applied to present rates on the shorter hauls (which are already competitively too high, to the degree that actual rates follow the pattern of the class rates)—the damage to the railroads' competitive situation is heavy in the distances where most traffic moves.

The present class rates were out-of-date when originally adopted. They become more so with every day that passes.

It is time to begin studying and experimenting with some more competitively realistic scales—which will be easy to apply and which, in due course, could replace the class rate scales.

Long-haul tonnage moves predominantly by rail, while shorter hauls are shared with trucks, and trucks will continue to move a large share of the shorter-haul tonnage in spite of any rate action railroads can take. It is desirable that railroads should attract all this short-haul tonnage that they can move at a profit, but they must at the same time bear in mind that it is to their advantage to keep long-haul producers competitive wherever cost conditions permit.

A numbered series of some 300 economically constructed rate scales—one to fit practically every pricing situation—has been in successful use in France for a good many years. Practically all railway freight traffic—except that handled on a bulk or contract or some special service basis—moves on these numbered scales. Construction of many "tailor-made" individual scales—as is the practice in this country—is usually unnecessary, since a ready-made scale (or a combination of two or more such scales) will be easily found to meet almost any practical pricing requirement. This is not the case with the U.S. class rate scales—not a single one of which will fit the requirements of economic pricing for all distances.

The values shown in the charts in this article are solely for purposes of illustration. They are intended to clarify the problem and to suggest the direction in which an applicable solution may be found, after more complete analysis. Critical comment from readers is invited.

RAILROADING AFTER HOURS WITH JIM LYNE

BIG OR LITTLE SUBSIDIES?—I see in Human Events newsletter that Senator Frank Lausche is opposing "a $600-million subsidy to local publicly-owned and operated mass transportation systems." I agree with him in principle—in that we'd be better off if we didn't subsidize anybody for any purpose at all. But here are the federal and state governments pouring $12 billion a year into highways, and subsidizing the cost of providing highway service to commuting autos at a figure estimated at up to $5 a day in some localities.

If every trip into a city by auto costs the taxpayers dollars, why wouldn't it be a better deal to try to induce some of the visitors to ride transit trains instead, at a subsidy figured in cents?

Granted that all subsidies are evil, is the lesser evil intolerable while the much greater evil is acceptable?

RECOGNIZING EMPLOYEE PROFICIENCY—For a long time I've been thinking there ought to be some way of recognizing extraordinary proficiency by railroad employees in the thousands of operations they perform where special effort and skill make a great deal of difference in the result.

I'm not talking about cash awards (although I see no objection to them)—but a certificate of some kind, such as the armed services grant to enlisted men, as well as officers, for the attainment of a high degree of skill with some particular weapon.

A really skilled local freight conductor (for instance) may very well get his train over the road in a third less time than an indifferent performer, and without rough handling. A passenger conductor who is proud of his job keeps his crew effectively at work and sees that the customers are well cared for. But there's no formal recognition of such attainments. There's a lot of real pride in a job well done on the part of most employees—and recognition of their merits should be a big help to morale, at a time when there are so many forces at work to tear it down.

And why shouldn't employees in the ranks be encouraged to take the qualifying examination of the American Society of Traffic & Transportation?

GREENER PASTURES.—The grass on the other side of the fence always look invitingly green. While I've been admiring (not without some envy either) the relative freedom in competition enjoyed by Europe's railways—along comes the Railway Gazette of London with high praise for President Kennedy's message on transportation. "The President of the United States would appear to have gained a masterly understanding of the transport problem of his nation and he has gripped the transport nettle," says the Gazette. It only hopes Europe's political leaders will develop the same courageous grasp of the problem that our JFK has.

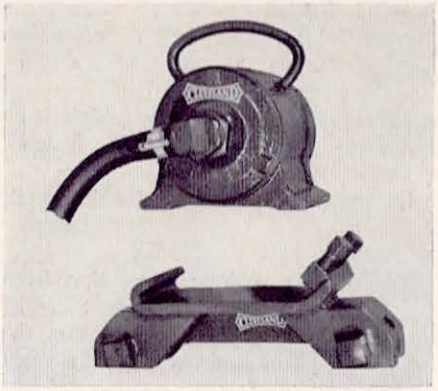
My admiration of the Kennedy message is unreserved. At the same time, in Europe, government hasn't the need for as much corrective action to enable railroads to compete, that we have here. European governments haven't gone to the lengths they have here in pampering other forms of transportation at the taxpayers' expense; and their railway regulation is most moderate, compared to U.S. practices. The country which boasts the most of its esteem for free enterprise is, actually, the orneriest country on earth in its excessive regulation and general mistreatment of the private enterprise sector of its transportation industry.

'EXEMPT' RETURN LOADS—A fellow who ought to know told me the other day that there are regulated truckers hauling meat from the midwest to the Atlantic seaboard and getting a return load (exempt from regulation) of newspaper Sunday supplements—this return load enabling them to make attractively low rates on the meat. Railroads interested in this meat business, of course, can't pick up an exempt return load as the truckers can.

Part II of the I.C. Act lists among exempt trucks those "used exclusively in the distribution of newspapers." Just how it can be concluded that a truck hauling meat one way can be considered as "used exclusively in the distribution of newspapers" somewhat overburdens my powers of comprehension. For that matter, who but a clever lawyer would ever think of considering a Sunday comic section as a newspaper?

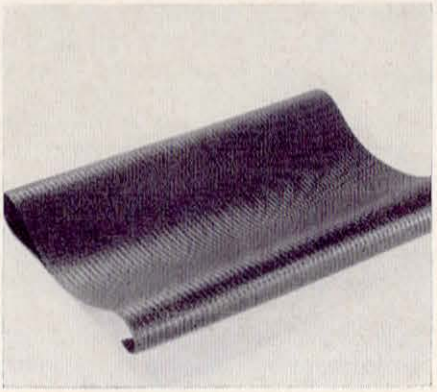
No wonder the truckers are satisfied with the present regulatory law just as it stands.

NEW PRODUCTS REPORT



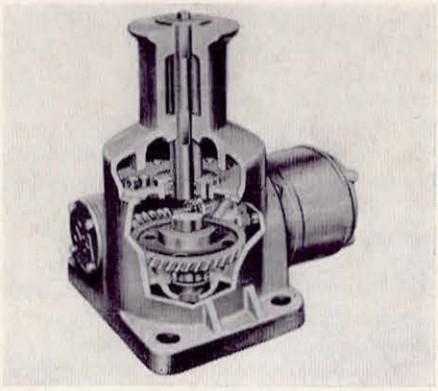
Air Vibrator (RA-1)

A new high-frequency air vibrator, designated RA 510, fits space limitations caused by vacuum unloading equipment on covered hopper cars. With air pressure of 90 psig at 46 cfm, the 60-lb unit will produce 10,500 vibrations per minute, developing a force of 5,000 lb to unload cement, limestone, and similar commodities. The all-directional unit mounts on car with bolt-bite or wedge-type bracket. *Cleveland Vibrator Co.*



Trailer Flooring (RA-2)

A heavy-duty, asbestos-reinforced vinyl flooring—trade-named "Vinyl Traffex"—has been developed for vans, trailers or related cargo carriers. It is recommended either as original equipment or for replacement of worn or damaged flooring. Available in black, with either smooth or traction-tread surface, the manufacturer says it will not buckle, blister or "grow" under use. This eliminates need for expansion joints. *Armstrong Cork Co.*



One-Man Car Puller (RA-3)

A new line of car pullers, designed to permit one-man spotting of from one to six cars, includes horizontal and vertical capstan and horizontal drum types. Housed in one-piece castings, the pullers have special motors with high starting torque and machined capstans that prevent rope damage. Power transmission operates in an oil bath, and heavy-duty ball bearings absorb all thrust and provide smooth operation. *Stephens-Adamson Mfg. Co.*

Tote Bin Loading (RA-4)

Tote System users who employ Tote Bins for in-plant purposes can now fill four or six bins simultaneously from a railroad hopper car. The newly developed "cluster" method of transferring dry bulk materials from car to bin utilizes telescopic tubes which reach into the bins in conjunction with vacuum unloaders. Depending on material and distance, capacity is one to four tons per hour. Automatic cut-off saves labor. *Tote Systems.*

Insulated Trailers (RA-6)

Refrigerated trailers insulated with poured-in-place urethane foam are said to permit increased payloads with better protection. The insulation manufacturer, for example, quotes C. R. De Vane, manager of research for Clark Equipment Co.'s Brown Trailer division, as saying that "4 in. of urethane foam give 25% more insulating value, and more than 200 cu ft additional payload capacity" than 6 in. of conventional insulation. *National Aniline Division.*

Vacuum Handling (RA-5)

Modification of the Young plasticube negative pressure pneumatic conveying systems for handling plastic powders, pellets, chips, etc., makes it possible for users of such products to take advantage of discounts available for bulk purchases, as, for example, in railroad car lots. The pre-engineered, pre-priced "packaged" systems are available in capacities ranging from 3,000 to 20,000 lb per hour. *Young Machinery Co., Inc.*

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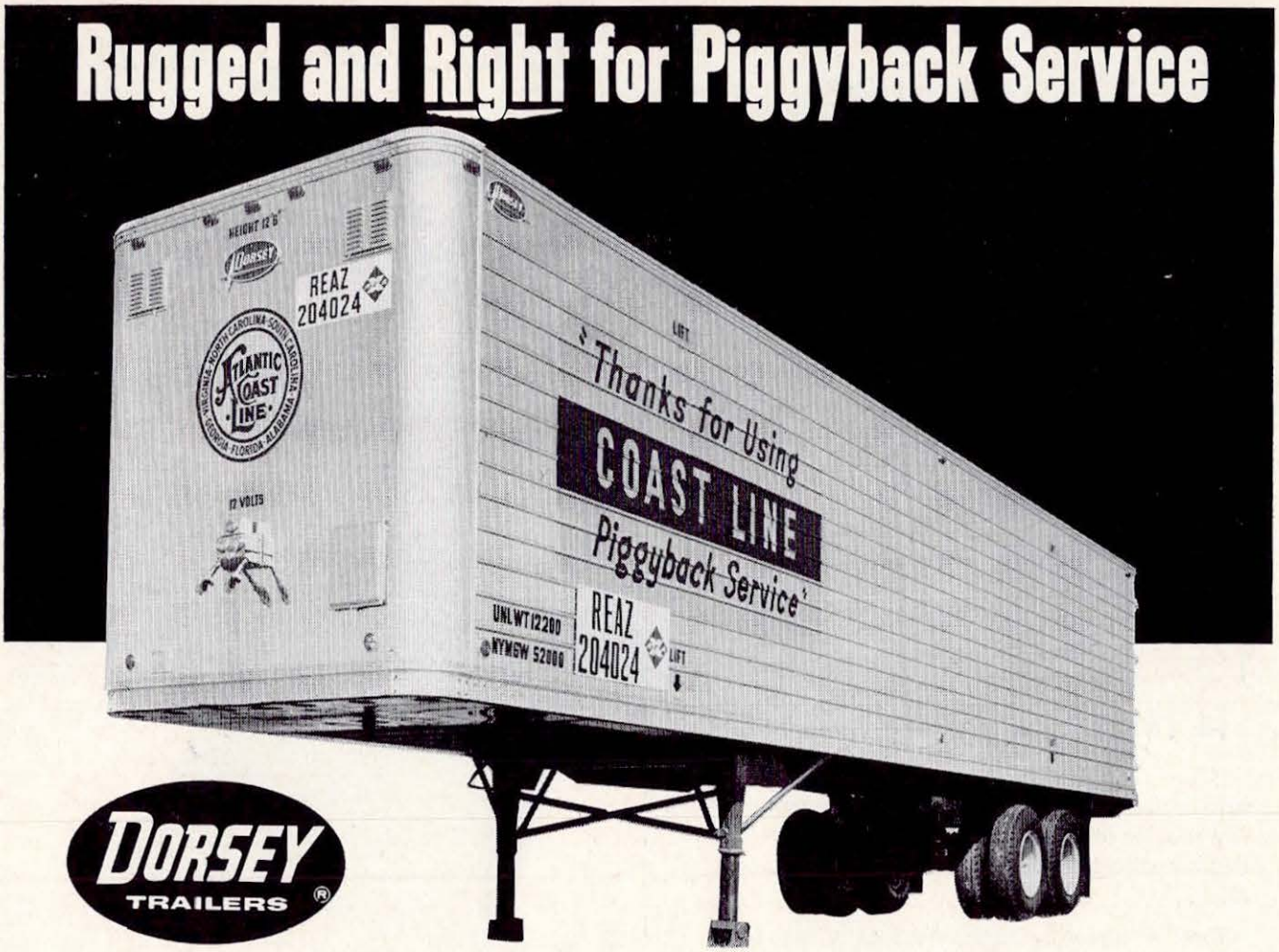

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A special way of riveting gives Dorsey Trailers extra stamina to stand up under rigorous piggyback operation. It's done by the world's largest and fastest Drivmatic automatic riveter, and electronically-controlled machine that makes joints 40% stronger than ordinary hand riveting. This is a big advantage since a trailer's skin helps support the load.

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We welcome your most challenging problems—and the solutions we suggest will be based on fifty years of manufacturing, during which Dorsey has contributed more than its share of important innovations to the trailer industry.

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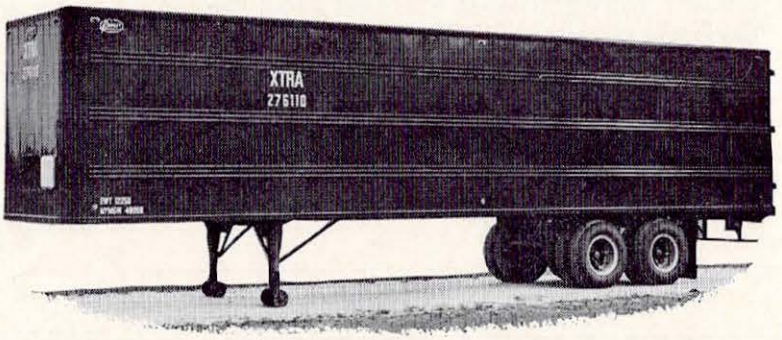

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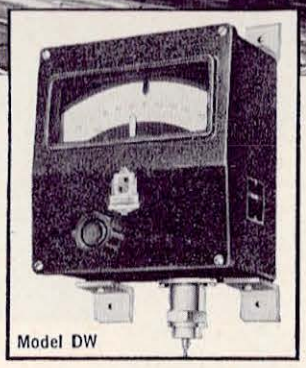


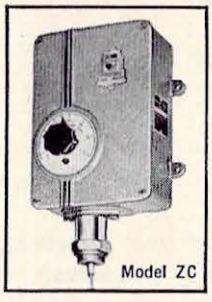
PARTLOW outnumbers all other temperature controls in reefers and piggy-backs

Riding the rails and keeping tabs on temperatures is a routine job for Partlow Controls. They outnumber all other controls because they *outperform* them.

Partlow designs controls specifically for reefer and piggy-back applications . . . the Model DW, for example.

This is a weather-resistant indicating control, primarily for outdoor installations such as control of reefers or trailers where a variety of refrigeration and heating stages is necessary.

Another is Model ZC, a non-indicating control equipped with two to five switches, making it possible to set up any combination of up to six functions to operate in sequence on rise or fall of temperature.



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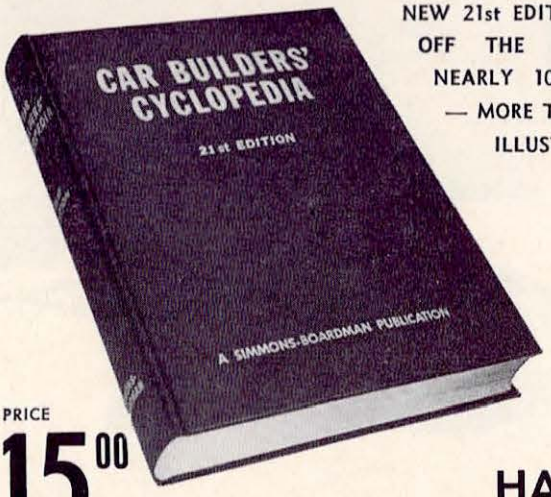

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CAR REPORTING SYSTEMS (*Continued from page 34*)

and per diem settlements. Car movements taken from these are punched into cards, and the required records and reports prepared by electronic data processing equipment.

A daily telegraphic car report is transmitted from each agency and yard to division car distributors. This report shows cars needed for the following day, and accounts for all cars on hand, with separations by types and status. These reports are consolidated or totaled by districts and enable placing appropriate car orders and disposition instructions by telephone and Teletype.

The system is supplemented by more detailed information from selected distribution yards and loading stations. These "situation reports" from yards show number of empties, by types, on conditioning and cleaning tracks each morning, and number of cars conditioned and tagged for various commodities the previous day. Daily "situation reports" from loading stations show the number of cars furnished, on hand, and received loaded from larger shippers on an individual basis.

Division totals and situation reports are furnished the general superintendent transportation who regulates the flow of cars between divisions and to or from other railroads.

For up-to-the-minute information on loaded car movements, a system-wide telephone network is used. Freight traffic offices may call direct to yards for the present status of cars. In addition, consists transmitted by Teletype, yard to yard, in advance of train movements, are also transmitted to district freight traffic offices. Likewise, copies of daily car movement records maintained at major yards by data processing machines are furnished freight traffic offices.

Soo Line: The car reporting system captures all waybill information for each carload shipment at one time when first available and currently transmits such information where it is needed.

Spokane, Portland & Seattle: While we do not have a car reporting system, various offices concerned, that is, traffic, agents, chief dispatcher, car service, do receive wire consists of westbound trains from certain terminals. They use these wire lists to best advantage for operating purposes and information of the shippers.

Texas & Pacific: A car reporting system provides these additional advantages: (1) permits customers to operate at less inventory; (2) it is an additional valuable sales tool; and (3) a by-product is the prompt rendering of reports mechanically, adding considerable sales hours to the sales force. Communications teleprinter circuits were materially upgraded to provide the necessary reliability and accuracy.

Union Pacific: Adaptability of records in card form is another advantage of a car reporting system. For example, the use of our regular yard consist record cards as the basis for development of our perpetual yard car inventory and demurrage report. Regular manifest-passing reports Teletyped to 26 on-line and 34 off-line traffic offices four times daily enable our sales people to promptly answer shipper inquiries from information on hand.

Wabash: Car report information is also helpful in preparing analysis reports. Other advantages of the system include the planning of yard moves in advance of train arrival. It is also an efficient and prompt method of assembling reports. We feel this system provides good service for both railroads and shippers.

Western Maryland: Advance copies, Teletypes, wheel and interchange reports, and telephones are used in furnishing patrons and traffic offices with fast, accurate information on location and movement of individual cars.

Western Pacific: We are in the process of revamping our system to include accounting, statistical, car passings and manifest requirements in the near future.

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Traffic Publications

THE COLD-WALL TRAILER — MAINTAINING FROZEN FOOD BELOW ZERO. Reports comparative results of test trips with "cold-wall" and conventional trailers. Marketing Research Report No. 540, Office of Information, U.S. Department of Agriculture, Washington 25, D. C.

FRESH LAMB TRANSPORTED BY REFRIGERATED RAIL CARS AND PIGGY-BACK TRAILERS. Reports successful results of test trips with cars and trailers using different refrigeration methods. Marketing Research Report No. 553, Agricultural Marketing Service, U.S. Department of Agriculture, Washington 25, D. C.

TOTE BINS MOVE FREIGHT FREE. How "Tote Bins," considered as integral parts of various container cars, travel freight-free. Bulletin No. 9, Tote Systems division, Hoover Ball & Bearing Co., Beatrice, Neb.

SHIPPING COVERED LUMBER ON FLAT CARS WITHOUT STAKES (Ideas in Action No. U2-11). Brochure showing in step-by-step photos the loading of packaged lumber by the AAR Figure 6-A stakeless method. Acme Steel Co., 135th St. & Perry Ave., Chicago 27.

AVI-GARD BARRIER MATERIAL. Catalog sheet showing how Avi-Gard protects car or truck shipments. D. H. Blatt, Franklin Container Corp., 7900 Tabor Rd., Philadelphia 11.

COMMANDO YARDHUSTLER EXPEDITES TRAILER HANDLING. A 4-page brochure showing how the Yardhustler works in both Flexi-Van and conventional TOFC operations. Equipment division, Young Spring & Wire Corp., Bowling Green, Ohio.

TRANSIT TEMPERATURES AND QUALITY OF CANTALOUPS — EFFECT OF LOAD SIZE AND ICING SERVICE ON RAIL SHIPMENTS. A report of tests showing that modified icing and heavy loads can produce substantial cost savings on rail shipments of California cantaloups. Marketing Research Report No. 554, Office of Information, U.S. Department of Agriculture, Washington 25, D. C.

BROCHURE listing interchange points, condensed freight schedules, information on types of equipment, industrial locations and addresses of company sales offices. Advertising Department, St. Louis-San Francisco, 906 Olive St., St. Louis 1, Mo.

SHIPPING PRACTICE, WITH A CONSIDERATION OF THE LAW RELATING THERETO, by Edward F. Stevens. Revised ed., 172 pages. "Guides the reader through the various and extensive subjects connected with shipping, without a deep treatment of the law." Miss M. Chipman, librarian, Canadian Industrial Traffic League, 20 Bloor St. W., Toronto 5, Ont. $4.25.

DAMAGE PREVENTION WITH HYDRA-CUSHION UNDERFRAME. Slide film (14 min) available to railroad or shipper organizations shows how Hydra-Cushion prevents damage by cushioning impacts. Hydra-Cushion, Inc., 13101 Eckles Rd., Plymouth, Mich., or 230 Park Ave., New York 17.

Coordinated Groups Meet Sept. 17-19

J. F. Nash, vice president—operations, New York Central, will be the speaker at the Coordinated Associations' luncheon honoring all railroad presidents, on Wednesday, September 19, during the annual meetings of the associations to be held at the Sherman House, Chicago, September 17-19.

The programs for the individual associations follow:

Air Brake Association
Monday, September 17
10 a.m.

Address—E. S. Marsh, president and chief executive officer, Santa Fe (joint session with CDOA).

President's address.

Brakes for Freight Cars—Westinghouse Air Brake Co.

2 p.m.

Locomotive Air Compressor Synchronization—Central Air Brake Club.

Safety Control Arrangements for Locomotives—New York Air Brake Co.

Preliminary Test for AB Valve Body and Parts—Pittsburgh Air Brake Club.

26-C Brake Valve in 24-RL Schedule and Brake Cylinder Release Valves—Montreal Air Brake Club.

Tuesday, September 18
9 a.m.

Inspection, Testing and Operation of Trains as Required by the Power Brake Law, and Cold Weather and Its Effect on Train Operation. (In joint session with CDOA).

2 p.m.

Election of officers; Q & A Period.

Testing, Malfunction, and Remedies of 26-L Brake Equipment—Manhattan Air Brake Club.

Wednesday, September 19
9 a.m.

A Review of Appurtenances Added to the AB Freight Brake Equipment—St. Louis Air Brake Club.

Unifrate Variable—Load Brake for Freight-car Trucks — American Steel Foundries.

●

Car Department Officers' Association
Monday, September 17
10 a.m.

Address—E. S. Marsh, president and chief executive officer, Santa Fe. (Joint assembly with Air Brake Association.)

President's address.

2 p.m.

Report — Committee on Road-Rail Transportation.

Report—Committee on AAR Loading Rules.

Report — Committee on Interchange and Billing for Repairs to Cars, TOFC Trailers and Containers.

Tuesday, September 18
9 a.m.

Report—Committee on Light Repair Track and Train Yard Operation.

Joint Session with Air Brake Association:

Address—H. R. Longhurst, assistant director, Bureau Safety and Service, ICC.

2 p.m.

Report—Committee on Freight and Passenger Car Equipment:

a—Design, Maintenance and Upgrading of Freight Car Equipment.

b—Passenger-Car Maintenance.

Report—Committee on Painting.

Report—Committee on Maintenance and Servicing Mechanical Temperature Controlled Systems of Refrigerator Cars, TOFC Trailers and Containers.

Wednesday, September 19
9 a.m.

Report—Committee on Wheels, Axles, and Wheel Shop Practices.

Report—Committee on Car Lubrication.

Comments—W. M. Keller, vice president research—AAR.

Miscellaneous reports.

Election of officers.

●

Locomotive Maintenance Officers Association
Monday, September 17
10 a.m.

President's address.

Address—W. D. Dickie, chief of motive power and rolling stock, Canadian Pacific.

Fuel and Lube Oil. Topic: Analysis and solution to current diesel locomotive fuel and lube oil problems.

2 p.m.

Diesel Engine Maintenance. Topic: Relation of increased horsepower to diesel locomotive engine maintenance.

Shop Equipment. Topic: Spot System —New techniques for diesel locomotive repairs.

Tuesday, September 18
9 a.m.

Diesel Mechanical Maintenance — Other Topic: Improved performance of diesel locomotive running gear.

New Developments in Motive-Power Maintenance. Topic: Application of cost-control methods to diesel locomotive maintenance.

2 p.m.

Diesel Material Inventory and Control. Topic: Material inventory and control for lower diesel locomotive maintenance costs.

Diesel Electrical Maintenance. Topic: Economics of electrical maintenance of diesel locomotives.

Wednesday, September 19
8:30 a.m.

What Is Your Problem?—A panel discussion of diesel failures, causes and remedies.

Diesel-Hydraulic Locomotives (illustrated presentation)—P. V. Garin, manager, mechanical engineering and research, Southern Pacific.

●

Railway Fuel and Operating Officers' Association
Monday, September 17
10 a.m.

President's address.

Address—H. W. Large, vice-president, Pennsylvania.

Report—Safety; Cost Involved and Accident Prevention.

2 p.m.

Report—Wheel Slip.

Panel discussion — Train Handling, including 24-RL and 26-L.

Tuesday, September 18
9:15 a.m.

Panel discussion—Loss and Damage Prevention.

Operation of the U-25 GE 2,500-hp engine—General Electric Co.

Report—Elimination of oil Marker and Classification Signals.

2:30 p.m.

Panel discussion — Terminal Delays and Yard Operation.

Proper Procedure in Conducting Investigations.

Report—Economy in Use of Fuel Oil.

Wednesday, September 19
9:30 a.m.

Panel discussion — Diesel Failures, Causes and Remedies, including steam generator troubles.

Carriers Ask Fast Court Action

► **The Story at a Glance: This is the time for regrouping, for developing the second-wind, in the still-unresolved work rules dispute.**

The operating unions' decision to fight on through the courts is viewed mainly as a defensive, delaying action. But it does open the possibility—however remote—that the organizations might win a final court ruling in their favor. Even if the carriers' position is upheld, eventually—as it was in the U.S. District Court's decision—settlement may still be months away.

And the ironic part of it is—as both sides realize—that regardless of the bric-a-brac scattered around the dispute by court action, Presidential intervention or whatever, a final agreement won't come until management and labor put the bargaining table back into use.

With August fast fading away, the dog-days have come to the climate of rail management-labor relations.

Activity, for the moment, is at a minimum. The work rules case—which has been, progressively, in the hands of the public relations fraternity, and then a special study commission, and then the bargainers—seems now to be a matter for the lawyers to handle. Union action put the dispute before the courts —and raised the grim (to the carriers) probability that the orderly, step-by-step movement toward modernization of work rules has come to a temporary standstill.

The carriers are hoping for a quick review of the unions' case in the appellate court. Railroad counsel last week filed with the Court of Appeals a motion asking an expedited hearing of the appeal. They also suggested that the bond placed on the unions be sharply increased.

Normal procedure would give the unions 30 days (from Aug. 14) to file their appeal, management 30 days to reply and the unions another 20 days to file rebuttal.

The carriers are proposing a significant speedup in procedure and hearings. They've suggested that both sides file initial briefs by Aug. 31, that answers be filed within another 10 days and that rebuttals come five days after the answers, or about Sept. 17. Carrier attorneys said they hope arguments can be completed by the end of September.

(The railroads view the case as one involving two appeals, not merely the single union appeal. As carrier attorneys see it, their own appeal for a

RLEA's 'Poverty Myth' Ad—and a

In 33 newspapers across the nation recently there appeared full-page advertisements, signed by the Railway Labor Executives' Association, demanding a Congressional investigation of the railroad " 'poverty' myth." One of the newspapers which printed the ad was the New York Times. At least one Times reader was incensed enough to draft a detailed reply. As of late last week, the Times had not printed this reader's letter, which was dated Aug. 14. The text, substantially in full, follows:

Dear Sir:

Reference the full-page advertisement headed "Railroad 'Poverty' Myth Should be Exposed," page 12-E, Sunday, August 12. . . . .

It was particularly disappointing to see your advertising department accept this copy and your editorial staff run it when a few pages earlier (8-E) you presented some excellent charts telling the true story under the headline "Some of the Problems That Are Confronting U.S. Railroads."

I do not doubt the *accuracy* of the statistics presented in the box. As a matter of fact, the same statistics could be used to prove the railroads' owner-and-manager side of the dispute. What is objectionable is that you accepted an advertisement which presented facts in such a frame-of-reference that they were wholly misleading.

For example: If a person had invested $2,200 ($100 in each of the 22 railroads) in 1942, the value today would be $20,842 (column two of the ad; not, as implied $33,652). Take one-half the increase, $9,321, plus the original $2,200 ($11,521) as the average value of the stocks over 20 years. Divide this by $640.50 as the average dividend and we get merely a 5.5% return which certainly doesn't jibe with the headline, "Investors are reaping big profits."

This headline most assuredly doesn't tally with your chart on page 8-E which shows a current return on investment of only 1.7%.

The four paragraphs in the right-hand side of the box are intended to, and do, present a portrait of the average railroad employee being grossly overworked and underpaid because: (1) the average railroad freight service employee outproduces his average motor carrier counterpart almost 6 to 1. The answer to this is simple: the owners of the railroad have invested their money in equipment which makes their employees at least 6-1 more efficient and the ratio should be even greater. Example: one truck driver, one truck, perhaps 10 tons payload; six trainmen, one train, up to 1,500 tons payload.

(2) "Average ton miles per rail employee double" from 333,000 in 1939 to 727,000 in 1960. Again the answer is simple: the owners of railroads invested their money in diesel locomotives which can pull longer trains faster. This "increase in productivity" is almost identical with the increase in efficiency of diesels over steam.

(3) "Rail man-hour revenue units soar." Same situation and answer as (2).

(4) "Railroad manpower most efficient." What the

to Break Work-Rules Stalemate

vacating of the temporary injunction barring rules changes is still pending, because the Appeals Court did not enter an opinion with its order denying the vacating plea.)

At this point, it's impossible to gage who stands to gain or lose through this new delay—delay which could mean months, even a year or more of waiting while the case wends its way through the appellate courts.

Most observers regard postponement of a showdown as a gain for the unions—perhaps on the theory that any reprieve is a victory.

Further, delay merely continues the losses which the railroads blame on present outdated rules and they set the loss at well over $1 million a day. It also emphasizes the fact that this is a dispute now well over three years old (basing the start on AAR President Daniel P. Loomis' February 1959 address to the National Association of Shippers Advisory Boards in St. Louis).

Finally, it prolongs the "neglect" of the time-honored manner of management-labor bargaining. An emergency board is probable, if not inevitable. The carriers can't see any such board coming up with recommendations which depart from those of the Presidential Railroad Commission; the unions regard the PRC as a dead issue and profess to believe that an emergency board would think likewise.

Regardless, both sides face the prospect of ending the dispute in the way in which almost all disputes are ended: In head-to-head bargaining across the table, with or without the government sitting in.

This new delay, however, does raise some question of the unity of the parties—the discouragement factor. Thus far, the railroads have held ranks—and there's no sign this won't remain true. Union sources hint that a number of managements are less enthusiastic about the case than their actions might indicate. But the evidence isn't there to confirm the hints.

Management, meanwhile, contends that at least two union chiefs—presidents of the ORC&B and SUNA—have alined themselves with the carriers in preferring an emergency board to a prolonged court squabble. (This the union leaders emphatically deny as a "distortion of the position of the organizations we represent." A statement issued by the ORC&B and SUNA declared that "the five organizations have

Letter the N.Y. Times Didn't Print

tatistics actually prove is that railroads per se remain he most efficient, most effective, most essential type of ransportation in our economy because the railroads' wners have given each employee such an investment in equipment and services that he can be 13.5 times as effective as a trucker, 11.1 times as effective as a propeller lane employee, 4 times as effective as a jet plane employee and 3.5 times as effective as a mariner in moving 00,000 tons of freight from New York to San Francisco.

Again referring to your chart on page 8-E, you show ailroad employees earning *substantially* more than employees in communications and utilities, mining or manufacturing—almost 8.5% more than those in communications, almost 10% more than those in mining and almost 6% more than those in manufacturing. Does this sound ke an employee who is grossly underpaid while "investors re reaping big profits"?

There are two important things to bear in mind in analyzing the railroad problem: one—the railroads of the ited States provide our only utterly-essential transportation service. (Using the unions' efficicency-ratio of 13.5 ruck personnel to one railroad freight service employee, would take 10,800,000 *additional* trucking employees o move what 800,000 railroad employees do now. These, lus the present trucking staffs, would represent a ridiculously high 25% of the total labor force—a ratio of distributive employment which no economy could stand). econd, the railroads *pay their own way:* no free highways plowed, marked and maintained; no airports with a national system of controllers and navigation aids; no dredged and marked channels.

By contrast, the railroads, mostly privately built, are among the nation's highest taxpayers on rights of way and convenient, costly downtown terminals; maintain their own tracks and signal systems and get assessed for part or all of the cost of grade crossing elimination programs and fancy highways to help the truckers whose business has increased five-fold in 20 years and the buses whose business has doubled, while their own share of freight has declined about 50% and their share of passenger miles has declined over 50%.

If railroad employees would vote against government largesse to subsidized transportation, then their employers could afford to pay them the larger wages which can be justified only by increased volumes of traffic.

I own no railroad stock, know no railroad officials. This letter is written solely in the interest of honest evaluation of a critical national problem—and that advertisement struck me as anything but honest. The money it cost would have—long run—better served the unions had it been spent trying to bring earned business back to their employers.

Joseph Reddy
Valley Heights Road
Westport, Conn.

joined together to push this court battle, and we will remain in this fight to a finish.")

While the infighting was restricted to the courts, the AAR hastened to let the public know that the battle is far from over, and that "sooner or later, featherbedding will end."

In a new advertisement, the railroads call the court case "only a temporary setback. . . . This delay does not affect the eventual outcome."

"Plunging this rules dispute into the courts," the carriers say, "is merely an example of the stalling and delaying tactics which the unions have followed" ever since the industry began its rules-change program.

The railroads' ad also raps the "unions' attempt to divert attention from the monstrous public costs of featherbedding by calling for a Congressional investigation of railroad finances. . . . No one is deceived by such diversionary tactics." Every financial fact about the railroads, the ad declares, "is a matter of public knowledge. . . . It does not take any Congressional investigation to disclose the effects of the $600,000,000 burden inflicted by union-protected featherbedding."

Unions Terminate 'No-Raiding' Pact

The spirit of harmony and cooperation whipped up by the operating brotherhoods since the work rules dispute began may be tailing off just a bit.

Specifically, BLE organizers are now free to sign up firemen, both in the United States and in Canada. The only restriction is that no representation elections will be sought in the U.S.—so no changes can be made in the actual alinement of unions, BLE and BLF&E.

At about the time the work rules dispute began, the five operating brotherhoods agreed that their time, energy and money would best be spent in fighting off the carrier proposals—and a no-raiding agreement was the result. The BLE and BLF&E also agreed that they'd refrain from raiding in Canada (after the Firemen filed an application, later withdrawn, for a vote on representation of engineers on Canadian Pacific western lines).

Since last Oct. 1, however, BLE organizers have been free to sign up "any eligible persons in engine service as members of the BLE." And the BLE convention, still in progress in Cleveland, has rescinded the 1959 Canadian agreement entered into by former BLE Grand Chief Guy L. Brown and BLF&E President H. E. Gilbert.

Private Carriage Growth Overstated?

The private vs common carriage debate is due for another stoking up—and, from advance hints, private carriage may be pictured as something less than the terror of the common carrier.

A team of university researchers will report the results of a two-year survey of private carriage Oct. 29-30 at a conference set up by the Transportation Center at Northwestern University, Evanston, Ill.

Advance comment from the Center points to "one indication at least that the common carriers are blaming too many of their troubles on the wrong source—because private carriage may not have grown as fast as many people thought and may in fact now be increasing at a much slower rate than was believed to be the case.'

As part of the Center's research project, questionnaires on transportation practices were sent to about 10,000 manufacturing companies. Other data were obtained from shipper surveys conducted by the Bureau of the Census.

The October conference, according to the Center, "will project the most accurate picture of private carriage to date, and advance indications are that private carriage will be shown to be not quite the rapid-growing phenomenon that many people think it to be."

At the same time, the Center isn't discounting the effect of private hauling. Director Franklin M. Kreml noted that while the common carriers showed a gain, 1943-58, in total intercity ton-miles, private carriers posted a greater rate of gain. And, he pointed out, about 85% of the nation's 12 million trucks are operated in private carriage—with at least 18,000 companies operating fleets of 10 trucks or more.

C&WI Sells Belt For $36.6 Million

The Belt Railway of Chicago literally bought itself for $36,663,000 on Aug. 17. On that date the Belt exercised its option to purchase land and equipment it had operated under a lease from the Chicago & Western Indiana for the last 50 years.

The transaction, described as one of the largest real estate deals ever recorded in the Chicago area, included C&WI-owned track over which the Belt connects with all of the Chicago trunk lines and also with six of Chicago's eight switching lines. In all, the Belt acquired 370 miles of track, 16 diesel locomotives and other equipment.

Early in August the Belt financed the deal with $37,250,000 of 25-year first mortgage sinking fund bonds to a group headed by the First Boston Corporation. The Belt, owned by 12 trunk lines, is one of the largest switching lines in the Chicago area. The C&WI is owned equally by the Grand Trunk Western, Chicago & Eastern Illinois, Wabash, Erie-Lackawanna and Monon, five of the 12 roads that own the Belt.

High Court Delays 'Big John' Rates

Multiple-car grain rates proposed by the Southern did not go into effect Aug. 11, as the road planned (RA, Aug. 13, p. 40). Protesting water carriers persuaded Justice Black of the United States Supreme Court to issue an order holding the rates in abeyance for an indefinite period beyond the 11th, expiration date of an earlier stay issued by the Circuit Court of Appeals at Montgomery, Ala.

The Black order will remain in effect pending Supreme Court action on the appeal. The proposed rates, now suspended for about a year, would apply on shipments in Southern's "Big John" cars. They have been the subject of extensive ICC hearings.

World Travelers Get Rail Fare Cut

Rail fares out of and into the United States for travelers going around the world will cost less after Sept. 1. The Rail Travel Promotion Agency announced that principal U. S. railroads will charge a flat fare of $140 for first class and $100 for coach class to around-the-world travelers. Fares will be good via any authorized route from any point of origin in the U. S. or Canada to any Atlantic or Gulf port in one direction and return from any Pacifiic port to point of origin, or the reverse.

The rates will be available only to passengers from the U. S. or Canada holding overseas transportation from one coast around the world and back to the U. S. on the opposite coast.

Tickets sold under the new plan will be good for a year after the date of sale. Half-fares will apply for children from 5 to 12 years of age. Stopovers will be permitted. Free baggage allowances of 350 pounds for adults and 175 pounds for children of half-fare age go with the new rates.

Market Outlook

Carloadings Rise 3.0% Above Previous Week's

Loadings of revenue freight in the week ended Aug. 18 totaled 582,626 cars, the Association of American Railroads announced on Aug. 23. This was an increase of 16,745 cars, or 3.0%, compared with the previous week; a decrease of 12,459 cars, or 2.1%, compared with the corresponding week last year; and a decrease of 13,838 cars, or 2.3%, compared with the equivalent 1960 week.

REVENUE FREIGHT CARLOADINGS

For the week ended Saturday, August 18

District	1962	1961	1960
Eastern	78,396	85,527	82,039
Allegheny	91,504	100,255	93,208
Pocahontas	51,516	53,849	50,527
Southern	109,731	105,086	107,912
Northwestern	96,536	95,375	108,114
Central Western	116,306	116,763	115,802
Southwestern	38,637	38,230	38,862
Total Western Districts	251,479	250,368	262,778
Total All Roads	582,626	595,085	596,464
Commodities:			
Grain and grain products	55,263	56,536	58,064
Livestock	3,303	3,937	3,817
Coal	111,741	107,025	106,747
Coke	5,658	6,993	5,636
Forest Products	38,742	40,378	41,161
Ore	50,874	56,223	55,941
Merchandise l.c.l.	22,565	28,571	34,982
Miscellaneous	294,246	295,422	290,116
August 18	582,626	595,085	596,464
August 11	565,881	591,062	600,021
August 4	568,424	588,269	594,444
July 28	567,131	591,301	613,988
July 21	558,246	584,137	619,818
Cumulative total, 33 weeks	18,132,599	17,541,024	19,779,118

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended Aug. 11 totaled 13,248 cars, compared with 10,907 for the corresponding 1961 week. Loadings for 1962 up to Aug. 11 totaled 423,091 cars, compared with 349,437 for the corresponding period of 1961.

IN CANADA.—Carloadings for the seven-day period ended Aug. 7 totaled 66,927 cars compared with 100,258 for the previous ten-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
Aug. 7, 1962	66,927	20,403
Aug. 7, 1961	68,301	20,915
Cumulative Totals		
Aug. 7, 1962	2,104,548	732,092
Aug. 7, 1961	2,027,952	738,841

New Equipment

FREIGHT-TRAIN CARS

► *Fruit Growers Express.*—Ordered 345 70-ton and 20 50-ton refrigerator cars from its Alexandria, Va., shops. Delivery will begin in December at the rate of 6 cars per working day.

► *Northern Pacific.*—Will build an additional 200 70-ton single-sheath steel box cars at Brainerd, Minn., company shops as soon as construction is completed on previous orders for 650 cars of a similar type (RA, April 2, p. 31). Deliveries of the newly ordered cars are scheduled for early 1963.

New Facilities

► *Chesapeake & Ohio.*—Ordered 14 sets of intermittent-inductive train control equipment from Union Switch & Signal division of WABCO for installation on diesel-electric locomotives.

Orders and Deliveries

► *Orders Decrease.*—Orders were placed in July for 3,127 freight cars, compared with 3,411 in June. July 1962 orders totaled 2,452. Deliveries in July totaled 3,181, compared with 3,911 in June and 1,229 in July 1961. Backlog of cars on order and undelivered on Aug. 1 was 13,192, compared with 13,274 on July 1 and 10,644 on Aug. 1, 1961.

TYPE	ORDERED July, 1962	DELIVERED July, 1962	ON ORDER & UNDELIVERED Aug. 1, 1962
Box—Plain	1,025	590	3,253
Flat	892	474	1,476
Gondola	0	54	456
Hopper	0	228	2,191
Covered Hopper	103	718	1,166
Refrigerator	615	782	2,680
Stock	0	0	100
Tank	467	310	1,553
Caboose	0	13	56
Other	25	12	261
TOTAL	3,127	3,181	13,192
Car Builders	1,659	2,289	6,516
Railroad Shops	1,468	892	6,676

Purchases

► *Five Months' Purchases Up 11.6%.*—Purchases by domestic railroads of fuel, material and supplies in this year's first five months were $62,437,000, or 11.6%, higher than in the comparable 1961 period. Purchase estimates in following tables were prepared by Railway Age.

PURCHASES*	May 1962	Five Months 1962	Five Months 1961
	(000)	(000)	(000)
Rail	$ 5,491	$ 27,265	$ 13,917
Crossties	4,143	17,405	14,258
Other Material	88,790	411,375	357,759
Fuel	28,614	146,709	154,383
Total	$127,038	$602,754	$540,317

*Subject to revision.

ERPC Seminars Explore Kennedy

► **The Story at a Glance: Providing railroad men with the tools they need to do an effective public-information job at the grass-roots level is a continuing objective of the Eastern Railroad Presidents Conference. ERPC's latest move in this direction is a series of educational seminars on President Kennedy's transportation program. The format was tested at a pilot meeting in Pittsburgh, where a full morning of "off the record" briefings was followed by a session open to the press at which a keynote speaker wrapped up the case in terms meaningful to the layman.**

The Eastern Railroads on Aug. 13 at Pittsburgh, Pa., inaugurated a program of "institutes," at which members of all 14 of the region's "community service committees" will be brought fully up-to-date on the content of President Kennedy's April 4 message to Congress on transportation; and on the somewhat complicated legislation now before Congress to give effect to the President's program.

The Pittsburgh session, the initial one —actually a meeting of the local community committee with invited guests, a total of some 200 persons—ran from 9:15 a.m. through the luncheon hour. President Fred W. Okie of the Bessemer & Lake Erie, chairman of the community relations committee, presided. At the morning session there were four "off the record" talks on various phases of the President's program. The problem which has arisen because of "umbrella ratemaking" by the Interstate Commerce Commission was explained by James G. Lyne, editor of Railway Age.

E. V. Hill, retired chairman of the Traffic Executive Association, Eastern Railroads, presented an outline of the specific recommendations of President Kennedy—plus a brief history of the "conference method" of ratemaking by railroads (which motor and barge carriers insist be discarded, if regulation of minimum rates on bulk and agricultural commodities is discontinued, as is provided in legislation now before Congress.)

H. H. McLean, vice president and general counsel of the Pittsburgh & Lake Erie, reviewed the content of the bills before Congress which would end the regulation of minimum rates on bulk and agricultural commodities (S.3243 and H.R.11583) and some of the legal problems which are raised by these bills. He emphasized the fact that railroad rates on these commodities would still be subject to regulation as to reasonableness and aspects other than their minimum level.

A. W. Hesse, general attorney, Reading, went into some detail to describe how tariffs are now filed with the ICC and the changes that would come about if proposed legislation is enacted. He particularly emphasized the disadvantages of applying to railroads the provisions of the Robinson-Patman law (such application being unnecessary since shippers are already protected under Sections 1, 2, 3, 4 and 6 of the Interstate Commerce Act.)

Following these talks, there was a question and answer period; and each person in attendance was given an information kit, containing a copy of President Kennedy's message; a copy of S.3243 (the bulk and agricultural commodity minimum rate bill); a summary of S.3242 (the bill to encourage rate "experiments"); and a printed pamphlet entitled "Railroad Reader." This pamphlet contains excerpts from speeches by financial analysts Wendell Reuss and James Sheehan, explaining the present financial plight of the railroads (especially those in the East); and testimony in behalf of proposed legislation by AAR President Daniel P. Loomis, B&O President Jervis Langdon, C&NW Chairman Ben Heineman, and Southern President D. W. Brosnan.

At the luncheon session, which was open to the press, James G. Lyne, Railway Age editor, gave a summary of the situation as it had been outlined at the informal "executive" morning session.

"Early in the present century," he said "there were highly successful campaigns to curtail the ravages of malaria and yellow fever. Did people suddenly get sympathetic and generous toward the victims of these diseases, or rather was their motive one of self-preservation? Did we help eradicate yellow fever and malaria wholly for charitable reasons, or rather because we were concerned lest we'd contract these maladies ourselves?

"The railroads have been ailing for a long time. But curative measures come along mighty slowly. Perhaps this slowness arises because we have appealed more often to people's sympathy than to their self-interest.

"The real railroad problem, from the public point of view, has nothing to do with dissatisfaction at our earnings, or the decline of employment, or overtaxation, or over-regulation, or inordinate public expenditures in behalf of our competitors. From the standpoint of the public the railroad problem lies largely in our inability to get the funds to keep our plant as modern and as well maintained as we'd like to have it. The result is that transportation is not as good nor as economical as it ought to be. The American people are paying out approximately $100 billion a year for transportation—almost a fifth of the gross national product. They are paying too much for transportation. And much of what they are getting is not of the quality that they ought to have.

"That is the railroad problem—plus the fact that transportation is being rapidly socialized. And if the spread of this disease is not stopped in transportation, it will probably contaminate the rest of the economy.

Winning the Cold War

"Then there's the Cold War to consider. If we are spendthrifts and wastrels in transportation while the Russians are thrifty—and I believe they are —in getting the most transportation performance per ruble that is possible, while we get much less than we should per dollar, then who's going to win the Cold War? We can certainly not expect to come out ahead if we disregard the simple arithmetic of the situation; spending a dollar for a dime's worth of service.

"Numerous competent doctors have written prescriptions designed to cure the ills of the railroads. You are familiar with these prescriptions—less restrictive regulation, compensatory user charges, and so on. Our trouble has not been in getting diagnoses and prescribed remedies, but in persuading the Congressional pharmacy to fill the prescriptions. We have a pocketfull of prescriptions, but very little medicine.

"One of these prescriptions was filled for us back in 1958. But our friends the truckers and water carriers got behind the prescription counter while the elixir was being compounded, and almost succeeded in making a Mickey Finn out of it.

"On April 4, 1962, however, Doctor John F. Kennedy moved into the campaign for public health in transportation. He wrote his own prescription and sent it up to the Congressional pharmacy with an earnest request to see that it was taken care of. One of the essential parts of the prescription was a bill known as S.3243 in the Senate and H.11583 in the House. The interstate commerce committees in both

Program

houses have the bill before them. And before the House committee public hearings are already in progress.

"What this bill would do would be to remove the power of the ICC to prescribe minimum rates for the transportation of bulk commodities and agricultural commodities. Hardly any of this traffic when moving by truck or water carriers is subject to regulation now. And the proposal is that the railroads be put on more nearly equal footing with their competitors by taking the regulatory restraints off the railroads as far as minimum rates are concerned.

"The water carriers are opposed to this freedom for the railroads, strictly from their own selfish standpoint. As things now stand, these carriers can make any rates they want. And if the railroads try to make rate reductions to divert lost tonnage back to the rails, then the unregulated competitors can hail the railroads before the bench of the ICC and get the ICC to set a floor to railroad rates, higher than the price the railroads want to charge.

"This is exactly the same situation as if the government had a right to establish minimum prices for steel when produced by steel company A, but had no power over the prices charged by steel company B.

The road to equality

"Some of the railroads' competitors contend that if there must be equality in regulatory control for all forms of transportation, then the way to get it is to regulate all for-hire carries. The only trouble with this argument is that *there is nobody who can regulate the so-called private carriers, the shippers and the consignees who own the products they haul in their own trucks, barges, or ships.* If the railroads are going to compete effectively, they've got to be allowed to compete with private transportation. And the only way they can get that right is to be free from regulation of their minimum rates.

"The organized water carriers and truckers are opposing the granting of this freedom. But in the event they cannot prevent this action, then they are trying to get a provision into the measure that would put all freely made railroad rates under the strict provisions of all the anti-trust laws. This is a contention that has received sympathetic reception from some well-intentioned but uninformed people.

"This is one question that railroad people should be informed about, be-

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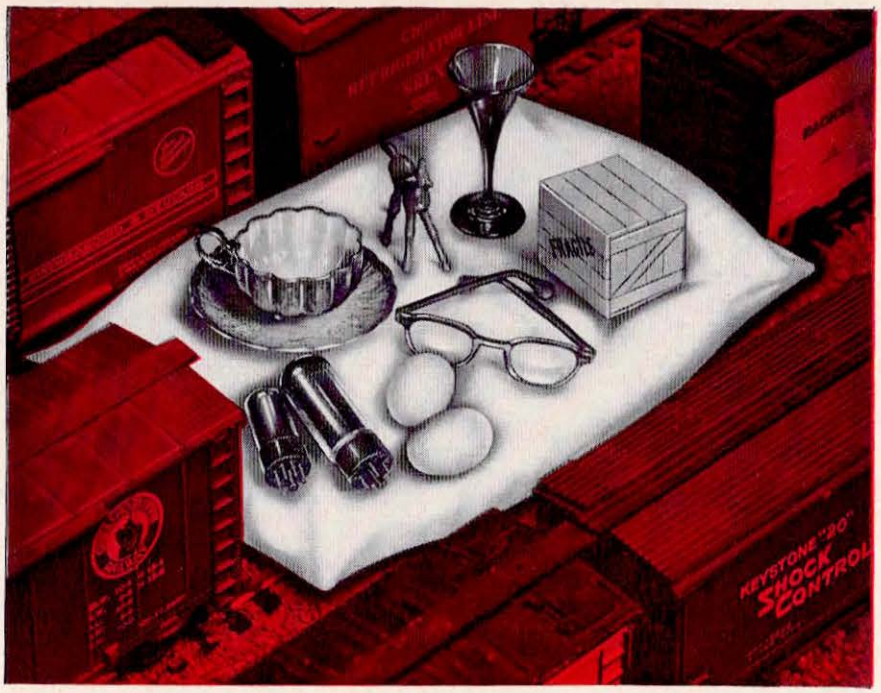

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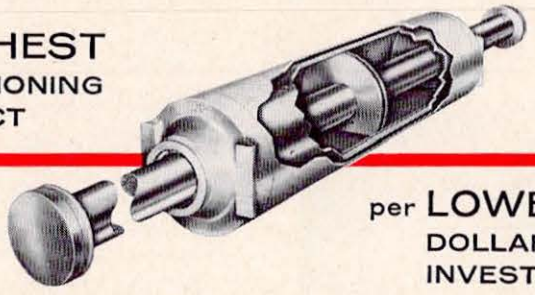

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cause it's really a toughy. People do not realize that railroads *have* to work together in their rate-making because most shipments move over more than one railroad. There is nothing about the steel business, for example, that requires company A to be in constant contact with company B. In the auto business, Ford and General Motors and Chrysler do not have to be in constant touch with each other as to service and prices and uniformity of equipment. But such contact is absolutely necessary for the railroads.

"The right of the railroads thus to confer was established formally in 1948 by the so-called Reed-Bulwinkle Act that was incorporated as Section 5a in the Interstate Commerce Act. This section gives the railroads the right to engage in what is known as the 'conference method' of rate-making under rules established by the ICC.

"The truckers and water carriers object to this—if the railroads are to given minimum rate freedom. Mr. R. M. Boyd of Pittsburgh Plate, and who is the President of the National Industrial Traffic League, says that this Section 5a has 'served both the shipping public and the carriers well. And it is desirable that all rates of the railroads be established by this method.'

"Thus this chief spokesman for shipping interests wants this provision retained. The railroads want it retained. The principal proponents of wiping out the provision, if rate freedom is granted to the railroads on bulk and agricultural commodities, are the railroads' competitors. Do we want the rules for medical doctors to be written by chiropractors and osteopaths or vice versa? Do you want the railroads to write the rules for the Civil Aeronautics Board? It is an equivalent procedure that the water carriers and truckers are seeking to follow in the case of the railroads. Regulate the railroads, not in the interest of the public, but in the interest of the railroads' competitors.

"The primary pupose of the anti-trust laws is, of course, to prevent the public from getting gouged by artificially high prices. All of the violations of these laws, of which various manufacturers have been accused, have had to do with allegations of maintenance of high prices. In the transportation business, on the other hand, it's the fellow that wants to offer a bargain that is the scalawag they sick the cops on.

"This bill to put an end to minimum rate regulation on agricultural and bulk commodities is not the only recommendation in President Kennedy's message. He also favored accelerated depreciation for railroads and other industries—which has already been arranged for. He asked for repeal of the 10% tax on passenger fares. And Congress has accepted that for application late this fall. He advocated moderate user charges on waterways and air transport facilities, and an increase in such charges on heavy trucks. So far little has been done about this situation.

"He made no specific proposals for equalizing state and local taxation on the railroads and those transportation modes which conduct their business on public property. As you all know, railroad property is highly taxed in most states, while government transportation plant—waterways, highways, airports, which serve exactly the same purpose as railroad plant does—is not taxed at all. President Kennedy made no recommendation at all regarding the urgent railroad request that they be allowed to diversify and engage in other forms of transportation.

"It is because the railroads are strictly limited by the ICC in their use of trucks that they've practically had to retire from the LCL freight business, greatly to the detriment of their service to the public. President Kennedy proposed no remedy for this situation. The railroads can't engage in the trucking business or the barge business or the aviation business; but there's no law that says these other forms of transportation cannot buy a railroad.

"All in all it can be said that President Kennedy's recommendations to Congress, all of them constructive, are not much better than half a loaf. The railroads need all the remedies he has prescribed—and probably several more —to regain their full financial health. But the Kennedy program is a good beginning.

"Some people are inclined to say to the railroads, 'Why is it that you have to go running to the government to cure your troubles? What we need is fewer laws, not more.' That's a healthy point of view. The trouble with it is that, so far as the railroads are concerned, the lawbooks are already cluttered up with an infinite amount of government interference with the railroads, and seemingly infinite financial and promotional help for their rivals. The kind of legislation the railroads need is not the kind that adds volume to the statute books. It's the kind that takes a big fat blue pencil and crosses out a lot of existing restrictions.

"Paradoxical as it may seem, the route to improved railroad earnings and increased capital investment is not, primarily, through higher rates, but will come from the right to reduce charges. There are many railroad charges that are non-compensatory and should be increased, but the main hope for improvement lies in reduced costs to be shared with shippers in reduced rates.

"The possibilities before the railroads for improved economy and quality of service, for revived capital improvement programs, for increased purchases from manufacturers, for an improved trend in employment could scarcely be brighter than they are. But the actualities of the present railroad situation have never been worse— especially in the East. While some more fortunate railroads are well maintained and are able to make modest investments for improvements, the average condition of the industry as a whole is that of extreme poverty.

"This whole gloomy situation could be changed practically overnight by the adoption of enlightened public policies toward the railroads—toward which President Kennedy's program is a heartening beginning. A great impulse to improved general business could be given without a penny of cost to the taxpayers by the enactment of President Kennedy's program.

"Unless America has the realism to come to grips with this problem, then we don't need to worry about the railroads—it is America we'll need to worry about. It takes gumption to stay alive in the kind of world we are living in today. America either has this quality or it hasn't. We'll soon find out."

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PEOPLE IN THE NEWS

BALTIMORE & OHIO.—James T. Lyon, financial and tax consultant, appointed assistant to vice president — accounting and freight claims.

Bernard A. Dillon appointed district sales manager—coal traffic, Baltimore, succeeding the late **Everett W. Kelly.**

CANADIAN PACIFIC.—W. W. Lummis, assistant general purchasing agent, Montreal, appointed general purchasing agent, effective Sept. 1, succeeding **T. A. Donovan,** retiring.

Ernest W. Drewe, assistant freight traffic manager—rates, Montreal, retires Aug. 31. **J. A. MacDonell,** general freight agent, Montreal, will assume Mr. Drewe's duties.

CENTRAL OF GEORGIA.—William J. Collins, director of labor relations, retires Sept. 1. **Glenn N. Certain,** assistant director of labor relations, appointed director of personnel, with jurisdiction over both labor relations and personnel administration. **Jack L. Ferrell,** assistant director of labor relations, appointed assistant director of personnel. Positions of director and assistant directors of labor relations abolished.

CHICAGO SOUTH SHORE & SOUTH BEND. — R. I. Nova named general agent, Cedar Rapids, Iowa, replacing **Frank A. Steffaniak,** who retires Aug. 31.

DELAWARE & HUDSON. — Raymond J. Landry appointed sales representative, Philadelphia, Pa.

ILLINOIS CENTRAL.—John C. Jacobs, engineer maintenance of way, Chicago, retires Aug. 31. **Charles E. Weller,** assistant engineer maintenance of way, promoted to engineer maintenance of way. **Patrick A. Cosgrove,** division engineer, Champaign, Ill., succeeds Mr. Weller.

LOUISVILLE & NASHVILLE.—Andrew R. Harkleroad appointed assistant manager, freight service and equipment, and **Thomas M. Taylor, Jr.** named assistant to manager, freight service and equipment, both at Louisville, Ky.

PENNSYLVANIA.—R. H. George, district sales manager, Cincinnati, Ohio, transferred to Harrisburg, Pa.

H. E. Bennett named regional industrial engineer, Philadelphia, Pa.

READING.—Rod Craib, associate editor, **Railway Age,** New York, appointed assistant director of public relations, Reading Co., Philadelphia.

SOO LINE.—Harry W. Ellefson appointed trainmaster, Eastern division, Stevens Point, Wis.

WESTERN MARYLAND.—A. W. Tompkins, general purchasing agent, Baltimore, appointed director, purchases and stores.

Supply Trade

Railway Age has announced the following editorial-staff changes:

Luther S. Miller, news editor since 1958, has been appointed executive editor. He succeeds **Joe W. Kizzia,** who is taking a leave of absence to travel abroad with his family (RA, Aug. 20, p. 27). During his absence, Mr. Kizzia will serve as a contributing editor.

Gus Welty, formerly western editor, Chicago, has been appointed senior editor, New York. He will absorb the duties formerly assigned to **Rod Craib,** who resigned as associate editor to become assistant director of public relations, **Reading,** Philadelphia.

Edward F. Donlon, of Wilbur Smith Associates, transportation consultants, New Haven, Conn., has been appointed news editor, New York.

Hall E. Downey, sales promotion and advertising manager, **General Railway Signal Co.,** Rochester, N.Y., has been appointed manager—public relations and sales promotion. **C. Alan Ingalsbe,** chief copywriter, advertising department, has been appointed advertising manager, reporting to Mr. Downey.

Otto Hikade, assistant western manager, Chicago, named eastern manager, New York. **Omar D. Stowell, Jr.,** a sales engineer, Chicago, appointed assistant western manager. **Carl V. Scully,** eastern manager, named manager of Canadian operations, Montreal.

Fletcher M. Shobe has been appointed manager, Sales Engineering Department, **Electro-Motive Division, General Motors,** La-Grange, Ill., succeeding **Warren A. Fox,** promoted (RA, July 30, p. 57).

Kenneth J. Langan, assistant general manager, promoted to general manager, Allied Steel and Conveyors division, **Sparton Corp.,** Detroit, Mich., succeeding **W. E. McKittrick,** who has accepted a position with a western Michigan company.

William J. Ruprecht has been appointed manager of the Technical Center being installed in St. Charles, Mo., by the **American Car & Foundry division of ACF Industries, Inc.** Mr. Ruprecht was formerly manager of research and development engineering at the division's Berwick, Pa., plant.

G. J. Veaque, Jr., sales engineer, **Evans Products Co.,** Chicago, has been appointed Chicago regional sales manager, Railroad Equipment Division.

Dan T. Buist, vice president of marketing, **Turco Products, Inc.,** has been named president, succeeding **S. G. Thornbury,** who has become a senior vice president of Turco's parent company, Purex Corp., Ltd., Wilmington, Calif.

New appointments in Puerto Rico and Venezuela have been announced by the **Armco International Corp. Edwin C. Chenowith,** branch manager of C. A. Armco Venezolana in Maracaibo, Venezuela, has been appointed AIC district manager in Santurce, Puerto Rico. **Robert L. Schroeder,** assistant to the manager, Armco Venezolana, Caracas, replaces Mr. Chenowith in Maracaibo. **Cecil N. Harville** transfers from AIC headquarters in Middletown, Ohio, to Caracas.

The **Electric Storage Battery Co.** will consolidate the direction of its various overseas operations in an international division with headquarters in Philadelphia (12 South 12th Street), effective Aug. 31. The management staffs of three wholly owned subsidiaries in New York are the first units to be affected by the move. Subsequently the staff of the international operations of the Ray-O-Vac Co. division will be moved from Madison, Wis.

Industrial Traffic

J. B. Stapleton, traffic manager, **Baldwin-Lima-Hamilton Corp.,** Lima, Ohio, retires Aug. 31.

Robert A. Newton, Jr., traffic manager, Eastern Area office, **American Steel & Wire Division, United States Steel Corp.,** Worcester, Mass., has been appointed manager—works traffic of that division.

Julian E. Bulluck, traffic manager, **Albemarle Paper Manufacturing Co.,** Richmond, Va., has been promoted to the newly created post of general traffic manager. **William H. Kreckman,** assistant to the general traffic manager, Kimberly-Clark Corp., Neenah, Wis., succeeds Mr. Bulluck as traffic manager.

Graham Davis, assistant to the general traffic manager, **West Virginia Pulp & Paper Co.,** has been named manager of traffic and purchasing.

E. C. Stibbe, traffic manager, **Pyramid Rubber Co.,** Ravenna, Ohio, has been appointed vice president—traffic and distribution.

Robert L. Schuerman has been appointed director of distribution of the **A. E. Staley Manufacturing Co.,** heading a new division integrating product distribution functions. Also named to the new division are: **Albert S. Lukey,** director of traffic, and **Robert L. Lighthall,** assistant to director of traffic.

OBITUARY

Bernard J. Boesen, 63, purchasing agent, **Rock Island,** died Aug. 13 in Edgewater Hospital, Chicago.

Joseph Sander, 75, general freight agent, **Rock Island,** died Aug. 17 in Presbyterian-St. Luke's Hospital, Chicago.

Robert C. Smith, 58, vice president of industrial relations, **Pullman-Standard,** died Aug. 15 at his home in Chicago.

YOU OUGHT TO KNOW

A remotely controlled diesel-electric locomotive, built by General Electric for Kentucky Power Co., is switching the generating station at Big Sandy, Ky. The 470-hp, 80-ton unit can be controlled either from the cab or with a 12-lb, 154.4-mc radio transmitter which has a series of push buttons that can activate any of ten different locomotive functions (RA, Oct. 17, 1960, p. 25). Maximum range of remote controller is ¼ mile; the device has a fail-safe button which, while depressed, produces the continuous carrier signal needed for operation of the locomotive.

Vandals are still making targets out of new automobiles moving on rack cars. Louisville & Nashville noted last week that damage—obviously caused by sticks, stones and bullets—has been found on cars arriving at five different L&N terminals. Via a short item in the L&N Magazine, the road is asking the cooperation of all employees, especially operating personnel, in reporting incidents to railroad police. L&N's position: "The time to stop this vandalism is obviously right now. . . . A few arrests and convictions would do a world of good and the word would get around that any offender ran a very good risk of being apprehended and punished."

Repeal of train-off provisions of the 1958 Transportation Act will get another hearing this week before the Senate's Surface Transportation Subcommittee. Representatives of railroad labor unions will be heard. The bill is S. 3216. It would repeal the Interstate Commerce Act's Section 13a, which has permitted the railroads to abandon deficit trains and other losing services.

Twenty-sixth annual meeting of the National Association of Shippers Advisory Boards will be held at the Conrad Hilton Hotel, Chicago, Oct. 16-18.

New piggyback schedule announced last week by the Seaboard cuts running time from New York to Jacksonville, Fla., to 24 hours—a reduction of 4 hours and 30 minutes under old schedules, according to Robert L. Mott, SAL's manager of TOFC traffic.

Pullman-Standard and the United Steelworkers have signed a two-year contract similar to the agreement reached earlier this year by major steel producers and the USW. The pact provides fringe benefits totaling about 11 cents an hour, but no wage hike. About 3,000 workers in four P-S plants —Chicago; Hammond, Ind.; Butler, Pa.; and Bessemer, Ala.—are covered by the agreement. Pullman-Standard and the Brotherhood of Railway Carmen previously reached agreement on a contract covering employees at the P-S plant at Michigan City, Ind.

New piggyback terminal has been put into operation at Huntington, Ind., by the Erie-Lackawanna. "Piggyback freight service has been the most spectacular development in modern railroading on the Erie-Lackawanna," commented H. C. Schmidt, E-L's vice-president—sales, in announcing opening of the new terminal. "It has made it possible for business and industry to benefit by railroad transportation regardless of the location of its plant." He said TOFC brought E-L $12,500,000 in revenue last year, an increase of 18% over the previous year.

American Council of Railroad Women will hold its 19th annual convention at the Sheraton-Jefferson Hotel, St. Louis, Sept. 23-25.

First of C&O's new round of shareholder "house parties" will be held at the Greenbrier, White Sulphur Springs, W. Va., the weekend of Nov. 30-Dec. 2, not Nov. 20-Dec. 2 as previously reported (RA, Aug. 20, p. 44).

Entry forms and rules for the 1962 Seley Awards, presented annually for distinguished service to transportation, are now available from the Transportation Association of America, 1710 H. St., N.W., Washington 6, D. C. The awards —a gold medal, a $1,000 transportation scholarship and a $1,000 gift to a university selected by the winner—are given by the Seley Foundation (headed by Louis E. Seley, chairman of Republic Tank Car Co.) through TAA.

Federal-government guaranty of another loan is sought by the Boston & Maine in an application filed with the ICC. It would be a $1,000,000 loan, and proceeds would reimburse the B&M treasury for past expenditures.

Fourteen U. S. and Canadian roads have been named winners of the National Safety Council's 1961 Public Safety Activities Award. On NSC's list are Atlantic Coast Line; Canadian National; Canadian Pacific; Chesapeake & Ohio; Milwaukee Road; Delaware & Hudson; Duluth, Missabe & Iron Range; Elgin, Joliet & Eastern; Great Northern; Illinois Central; New York Central; Pennsylvania; Southern Pacific; and Frisco.

When C&EI's "Dixie Flyer" derailed near Watseka, Ill., Aug. 19, causing the death of a Pullman passenger, a remarkable safety performance dating back more than a decade came to an end. The last previous fatality to a Pullman passenger came on Nov. 13, 1951. Justin J. Nolan, Pullman Co. traffic vice president, notes that in the 10 years and 279 days between the two fatalities, 94,878,794 Pullman passengers traveled 60,038,020,062 miles without a passenger fatalitly. The Pullman car on the "Dixie Flyer," last car in the train, was pierced by a length of rail, causing the deaths of Pullman passenger Mrs. Evelyn Gates of Rockford, Ill., and of a C&EI brakeman, James O'Connell, of Danville, Ill. The last three cars in the 12-car train derailed and bumped along the roadbed, but remained upright. A C&EI spokesman said the cause of the derailment had not been determined.

How much does M. of W. cost on your railroad?

In his new book on railway cost-finding,* E. C. Poole has a table (page 44), showing Maintenance of Way and Structures expense per 1000 gross ton-miles of 30 different railroads.

This cost shows an amazing variation—from 49c to $3.14 per 1000 gross ton-miles. And high cost shows no automatic connection with light traffic density. One road with just under 3700 g.t.m. per mile of line has a MW&S cost of 52c per 1000 g.t.m.—and another with almost 8500 g.t.m. has a cost of 51¢!

Knowing costs (as the first step in reducing them) is the "wave of the future" for professional advancement in railroading.

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Railroad Revolution

In a talk at Kansas City on August 14, President Clair Roddewig of the Association of Western Railways said of the railroads that *"we do or die in the period immediately ahead."* No informed person can question the accuracy of that statement—strong as it is.

There are a couple of major railroads which a further decline in earnings would force into abandonment—unless government should take them over. There are several larger railroads which would quickly be pushed into the same corner by any considerable decline in traffic.

The irony of the crisis confronting railroads is that—right on the other side of the barbed wire which confines them in a regulatory concentration camp—there are traffic and earnings available that would assure prosperity and healthy growth.

Actually poor, potentially rich. That is the paradox of the railroad situation. To release railroads from bondage, Mr. Roddewig emphasized the necessity of putting an end to "featherbedding" practices, and in easing regulatory control of minimum rates, as recommended by President Kennedy. As to getting rid of "featherbedding"—he said that has to come soon "or the railroads are all washed up as privately-owned businesses."

Railroads are a mass production industry, he explained, and such an industry reduces its costs by (1) getting full production for every labor dollar paid out and (2) by putting idle capacity to work. As an outstanding example of (2), he cited efforts of the Southern Railway to use large and economical cars in the handling of grain, passing a substantial part in the saving along to customers.

The fact of the matter is that there is a revolution in railroading actively in the making. It's typified by what the Southern is endeavoring to do, and only politics can stop it. This revolution consists in applying available technology and idle capacity to effect widespread reduction in the cost (and price) of railroad service. The result—unless politics prevents it—will be a large increase in the use of railroad service, which will provide the revenues needed for improving railroad plant and equipment, the prelude to still further attractiveness of railroad transportation in service and in price.

Nothing stands in the way of this wholly beneficial revolution in the economy and attractiveness of railroad service except archaic working rules and the regulatory, tax and anti-railroad promotional activities of government in behalf of other transportation agencies. These latter handicaps President Kennedy is making a beginning to correct, in legislation now pending in Congress. The progress of the working rules issue toward a show-down is well known. If the working rules question is settled correctly and soon, and if the Kennedy measures before Congress are enacted, railroads will have turned the corner toward prosperity and growth. If not, then it will just be too bad. As Mr. Roddewig said without exaggeration, "we do or die in the period immediately ahead."

The opportunities for improving the economy of railroad service—given reasonable freedom in pricing—are enormous. What the Southern Railway is endeavoring to do in this direction is well known, and is only one of a considerable number of parallel projects. Then there is the so-called "integral train" and other similar plans. One railroad expects, by such handling, to be able to reduce charges on quantity-moved coal by more than $1 a ton, while increasing its net earnings per ton handled.

Railroads are increasingly aware that it costs them very little more to move a large car than a small one, and very little more to haul a fully loaded car than one half-loaded. As rates are steadily revised to give commercial effect to these economic facts, railroad service will steadily increase in competitive attractiveness. The only impediment to progress in this direction will be the regulatory restraints which government may impose and which, if Congress follows President Kennedy's recommendations, will be lightened.

The developments going forward in the handling of perishables by rail—in refrigerated trailers or large-sized cars with mechanical refrigeration—give promise of turning a sadly unprofitable business into one which should yield a reasonable return.

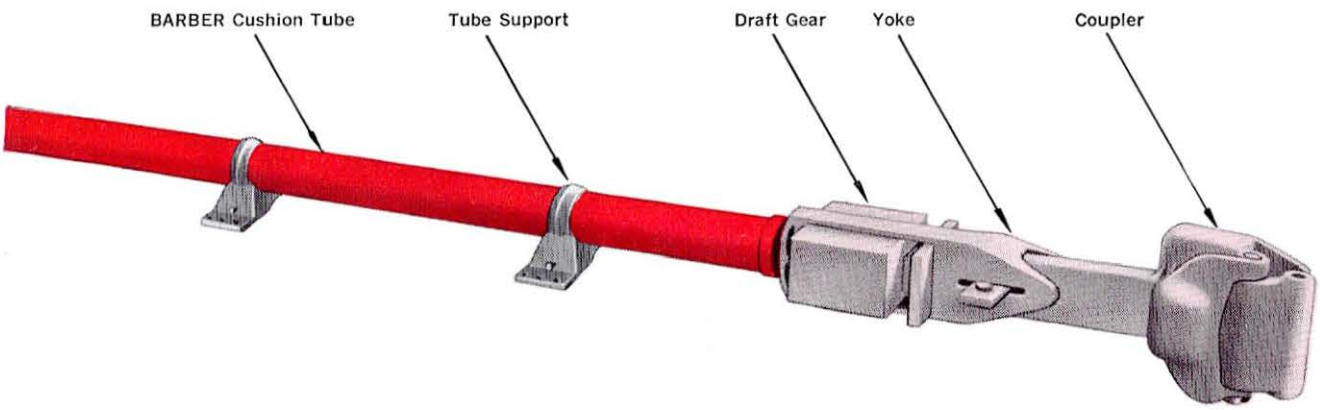
Quit Crawling, Start Running

In all phases of railroading, technological improvements of far-reaching possibilities are being made. These changes, instead of creeping along as at present, will quickly turn into a full-scale gallop, if political, regulatory and union restraints are not permitted to stand in the way.

But there's no point in overlooking the alternatives. Down one road there's prosperity and growth. Down the other there's a graveyard, and no question whatever about it. The present crisis is not one of those slow maladies that can hang on for years, without fatalities. When big railroads are operating in the red, and when the industry as a whole is earning only a third as much on its investment as the utilities and one-fourth the rate of the manufacturing industry, then it is not a long-range decline that confronts us. The issue is now at the crisis stage.

Railroads stand either to get well fast, or to die fast (or, what amounts to the same thing, to be socialized). It's time for all Paul Reveres to get on their horses and get the word around.

IMPACT CONTROL!



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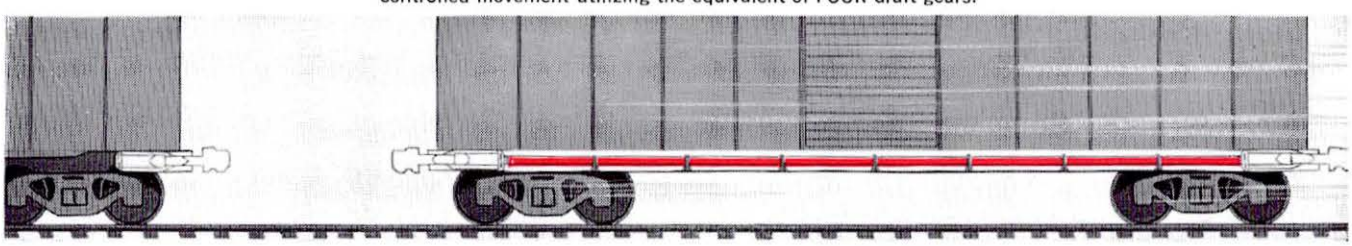

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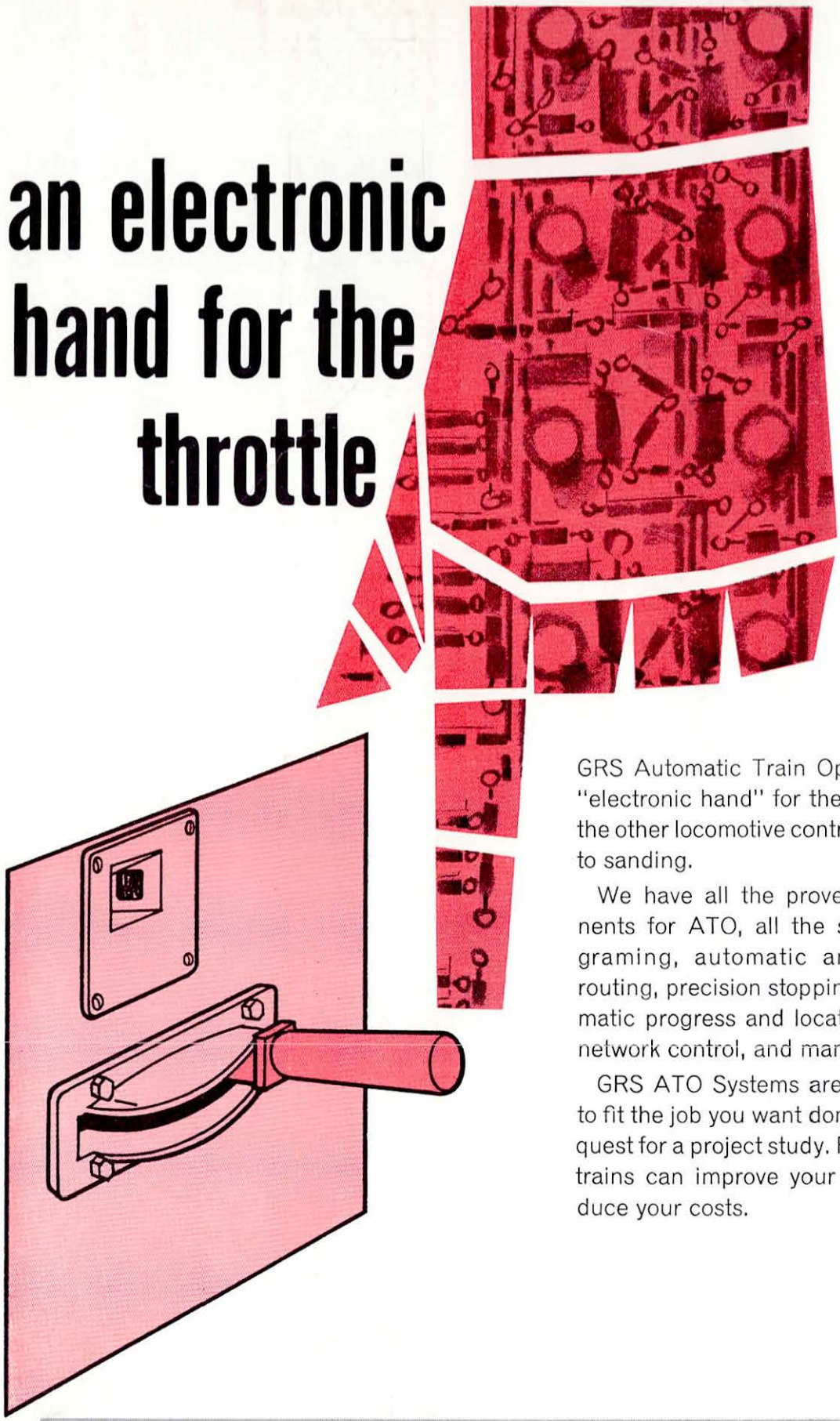

GRS Automatic Train Operation provides an "electronic hand" for the throttle—and for all the other locomotive controls too, from braking to sanding.

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